

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No. S-17-2239-17-FO01
Whether there has been a violation of the)
Franchise Investment Protection Act of)
Washington by:) ENTRY OF FINDINGS OF FACT AND
) CONCLUSIONS OF LAW AND FINAL
WeatherSkin Corporation,) ORDER TO CEASE AND DESIST
)
Respondent.)

On August 25, 2017, the Securities Administrator of the state of Washington issued Order No. S-17-2239-17-SC01, hereinafter referred to as “Statement of Charges.” The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as “Notice of Opportunity for Hearing,” and an Application for Adjudicative Hearing, hereinafter referred to as “Application for Hearing,” were served on Respondent WeatherSkin Corporation on September 12, 2017. The Notice of Opportunity for Hearing advised Respondent WeatherSkin Corporation that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice.

On October 2, 2017, Respondent WeatherSkin Corporation waived its right to a hearing. In lieu of requesting a hearing, Respondent WeatherSkin Corporation submitted a written statement for consideration by the Agency Director or Securities Administrator. After considering the written statement, the Securities Administrator finds no material grounds for amendment of the Statement of Charges. Therefore, the Securities Administrator will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges, and will enter a final order against the Respondent to cease and desist from violations of the Franchise Investment Protection Act.

The Securities Administrator finds as follows:

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST

1 **FINDINGS OF FACT**

2 **Respondent**

3 1. WeatherSkin Corporation (“WeatherSkin”) is a Canadian company that was incorporated in
4 Alberta on November 2, 2016 and has a principal place of business in Calgary, Alberta. WeatherSkin installs
5 WeatherSkin products, which are waterproofing materials with various construction related uses.

6 **Franchise Offers in Washington**

7 2. From at least June through August 2017, WeatherSkin posted advertisements on Craigslist
8 seeking Washington State residents to become WeatherSkin owners. In the advertisements, WeatherSkin
9 offered prospective owners “exclusive installation and distributor rights of WeatherSkin products” in a
10 “protected territory.”

11 3. For a sale price of \$46,895, WeatherSkin owners would receive a contract guaranteeing an
12 exclusive territory. Owners would also receive tools and materials necessary to install the product, including
13 the waterproofing materials, brushes, sprayers, gloves, and coveralls; and marketing tools, such as
14 promotional jackets and hats. In addition, owners would receive training on the product and installation
15 procedures, a website, templates for local advertising, business cards and brochures, and discounts on
16 WeatherSkin products. In its ads, WeatherSkin stated that owners could “easily earn over \$100,000 within
17 365 [days] of operation!”

18 4. On or around July 14, 2017, the Securities Division notified WeatherSkin that it was offering
19 franchises in Washington State through its Craigslist advertisement, that the offer or sale of franchises must
20 be registered or exempt from registration, that the Division had no record of WeatherSkin being registered to
21 offer or sell franchises, and that WeatherSkin must cease and desist from any violations of the Franchise
22 Investment Protection Act.
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1 5. After being notified that WeatherSkin must be registered or exempt to offer franchises in
2 Washington State, WeatherSkin did not apply for registration but continued to post advertisements seeking
3 Washington residents to become WeatherSkin owners. On July 25, 2017 and August 4, 2017, WeatherSkin
4 posted advertisements on a Craigslist site directed at Washington residents in and around Yakima. On July
5 26, 2017, July 29, 2017, and August 4, 2017, WeatherSkin posted advertisements on a Craigslist site directed
6 at Washington residents in and around Seattle. The advertisements continued to offer an ownership package
7 for \$46,895 that included an exclusive territory to distribute and install WeatherSkin products, extensive
8 training, and marketing tools.

9 **Registration Status**

10 6. Respondent WeatherSkin Corporation is not currently registered to sell its franchises in the
11 state of Washington and has not previously been so registered. There is no notification of exemption on file
12 with the state of Washington.
13

14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 **CONCLUSIONS OF LAW**

16 1. The offer of WeatherSkin ownerships as described above constitutes the offer of a franchise as
17 defined in RCW 19.100.010(6) and RCW 19.100.010(12).

18 2. The offer of this franchise is in violation of RCW 19.100.020 because WeatherSkin
19 Corporation was not registered to offer or sell its franchises in Washington State at the time it advertised its
20 franchise offers on Craigslist.

21 Based upon the foregoing and finding it in the public interest:
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FINAL ORDER

IT IS HEREBY ORDERED that Respondent WeatherSkin Corporation, its agents, and its employees each shall cease and desist from offering or selling franchises in violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

AUTHORITY AND PROCEDURE

This FINAL ORDER is entered pursuant to RCW 19.100.248 and is subject to the provisions of Chapter 34.05 RCW. Respondent has the right to petition the superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for Judicial Review, see RCW 34.05.510 and sections following.

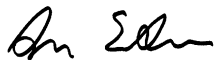
WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 3rd day of October 2017.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor

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**ENTRY OF FINDINGS OF FACT AND
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