

1 Auken and OBB offered prospective purchasers assistance with finding store locations, lease negotiations
2 and buildout of stores. Van Auken and OBB offered to provide purchasers training to provide tanning
3 services and assist with marketing strategies. Van Auken and OBB offered its franchise opportunity for a
4 franchise fee of \$32,000, plus an 8% royalty on franchise gross revenues.

5 **Purchasers A**

6 4. In early 2016, Van Auken posted a sign advertising the franchise opportunity at her
7 Vancouver Mall shop. Van Auken met with a Washington couple (“Purchasers A”), who were customers at
8 the shop and who had seen the sign, to discuss the purchase of an OBB franchise. Van Auken explained to
9 them the proposed franchise opportunity and told Purchasers A that a location was making \$150,000 a year.
10 Van Auken offered Purchasers A the right to use the OBB names and marks, training on how to apply spray
11 tans and training on how to operate the business.

12 5. Van Auken sold Purchasers A an OBB franchise and did not provide them with a Franchise
13 Disclosure Document (“FDD”). Van Auken charged Purchasers A an initial franchise fee of \$32,000 plus a
14 monthly royalty of 8% of gross revenues that were to be deferred for the first three months.

15 **Purchasers B**

16 6. In 2016, Van Auken met with a Washington couple (“Purchasers B”) to discuss the purchase
17 of an OBB franchise after the couple responded to a flyer at her Vancouver Mall shop advertising the offer.
18 Van Auken told Purchasers B that OBB was an up and growing company and they would be able to use its
19 trademarks and trade names. Van Auken told Purchasers B that, in purchasing an OBB franchise, she would
20 be providing them her expertise, consulting, assistance in setting up their store and training. Van Auken did
21 not provide Purchasers B with an FDD. In or about May, 2016, Van Auken provided Purchasers B with a
22 contract that obligated them to pay an initial franchise fee of \$32,000 and 8% royalties. Shortly after the
23 contract was signed, Van Auken accepted Purchaser’s B check for \$32,000.
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Violations

7. In 2016, during the course of offering Purchasers A and B an OBB franchise, Van Auken emailed at least one of the Purchasers a spreadsheet titled “Organic Bronze Bar ProForma Income Statement” that stated an annual Gross Profit of \$143,661.94 and a net income of \$62,976.14. Van Auken failed to state in the document all of the basis and assumptions underlying the claims made to the Purchasers.

Registration Status

8. Respondent OBB is not currently registered to sell its franchises in the state of Washington and has not previously been so registered. There is no notification of exemption on file with the state of Washington.

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

CONCLUSIONS OF LAW

1. The offer or sale of franchises as described above constitutes the offer or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).
2. The offer or sale of said franchises was in violation of RCW 19.100.020 because no registration for such offer or sale is on file with the Washington Securities Administrator.
3. The offer or sale of said franchises was in violation of RCW 19.100.080 because Van Auken and OBB failed to provide the franchisees with a franchise disclosure document prior to the sale of the franchises.
4. The offer or sale of said franchises was in violation of RCW 19.100.170 because Van Auken and OBB failed to provide prospective franchisees the basis and assumptions underlying the financial performance representations made in the “Pro Forma Income Statement.”

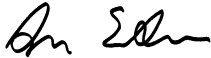
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SIGNED and ENTERED this 6th day of November, 2017



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Martin Cordell
Financial Legal Examiner

Reviewed by



Jack McClellan
Financial Legal Examiner Supervisor