

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-19-2704-19-CO01
5 whether there has been a violation of the)
6 Franchise Investment Protection Act of) CONSENT ORDER
7 Washington by:)
8 MotoVentures, Inc.,)
9 Respondent)
10 _____)

11 Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and
12 Respondent MotoVentures, Inc. enter into this Consent Order to settle the matters addressed below.

13 Respondent MotoVentures neither admits nor denies the following Findings of Fact or Conclusions of Law:

14 **FINDINGS OF FACT**

15 Respondents

16 1. MotoVentures is a California corporation formed in 1999 for the purpose of providing training to motorcycle
17 riders. The company is located in Southern California.

18 Sale of Franchise in Washington

19 2. MotoVentures operates a motorcycle training facility in Southern California. MotoVentures uses a specific
20 curriculum, which the company developed, to teach motorcycle riding courses at this facility. In 2015, MotoVentures
21 sold two Washington residents the right to operate a MotoVentures franchise in Washington.

22 3. In 2013, the two Washington residents travelled to Southern California to take a series of training courses offered
23 by MotoVentures. After the two Washington residents completed their training courses, they discussed with the principal
of MotoVentures the possibility of operating a similar business in Washington with MotoVentures. These discussions
took place over the next two years, and in 2015, the two Washington residents signed an agreement with MotoVentures
to operate a MotoVentures franchise in Washington.¹ This document was titled MotoVentures franchise agreement.

¹ The franchise agreement does not make clear whether MotoVentures entered into the agreement with the two Washington
residents individually or with the two Washington residents' limited liability company. The franchise agreement provides that it is
between MotoVentures and a Washington limited liability company owned by the two Washington residents. The two Washington
residents, however, signed the agreement in their individual capacity, not on behalf of their limited liability company. For purposes
of the entry of this consent order, it is immaterial whether MotoVentures entered the franchise agreement with the two Washington
residents or with their limited liability company. For convenience, in this consent order, the use of the term, the two Washington
residents, in connection with any reference to the duties or obligations provided for in the franchise agreement includes the
possibility that either the two Washington residents individually or their Washington limited liability company entered into the
agreement.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 4. As part of the agreement, MotoVentures charged the two Washington residents \$15,000 for the right to operate
2 a motorcycle training program using the MotoVentures name and trademark.

3 5. MotoVentures, through the agreement, allowed the two Washington residents to use the MotoVentures
4 curriculum to teach motorcycle riding courses. As part of the agreement, MotoVentures required, among other items,
5 that the two Washington residents maintain a training site that MotoVentures approved of, follow the MotoVentures
6 curriculum in the correct order, adhere to the prescribed student to teacher ratio, and keep appropriate dirt bikes and
7 riding gear for customers. MotoVentures further required that all instructors at the two Washington residents' location
8 complete training classes at the MotoVentures headquarters. In the agreement, also MotoVentures maintained control
9 over the marketing and promotional guidelines and material for the two Washington residents' company.

10 6. The two Washington residents began operating their MotoVentures franchise in Snohomish County beginning
11 in 2016. In the subsequent years, MotoVentures charged the two Washington residents royalties based on the number of
12 clients the two Washington residents' business served.

13 7. The two Washington residents and the principal of MotoVentures have had a recent falling out, and the parties
14 are in the process of determining the ongoing nature of their relationship.

15 Registration Status

16 8. MotoVentures is not currently registered to sell franchises in Washington and has not previously been
17 registered to do so.

18 Failure to Provide Franchise Disclosure Document

19 9. MotoVentures failed to provide the two Washington residents with a disclosure document, which met the
20 requirements of RCW 19.100.040, prior to the two Washington residents' purchase of a MotoVentures franchise.

21 Based on the Findings of Fact described above, the following Conclusions of Law are made:

22 **CONCLUSIONS OF LAW**

23 1. MotoVentures' sale of a MotoVentures franchise agreement, as described above, constitutes the sale of a
franchise as defined in RCW 19.100.010(6) and RCW 19.100.010(17).

2. MotoVentures' sale of this franchise violated RCW 19.100.020 because MotoVentures was not registered with
the Securities Division to offer or sell franchises in the state at the time of the sale.

3. The offer and sale of the MotoVentures franchise to the two Washington residents was in violation of
19.100.080 because MotoVentures failed to provide the two Washington residents with a disclosure document, which
met the requirements of RCW 19.100.040, prior to the two Washington residents' purchase of a MotoVentures
franchise.

CONSENT ORDER

Based on the foregoing and finding it in the public interest:

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IT IS AGREED AND ORDERED that MotoVentures, its agents, and its employees shall each 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.

IT IS FURTHER AGREED AND ORDERED that MotoVentures, its agents, and its employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.080, the disclosure document section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED that prior to the entry of this Consent Order, MotoVentures shall be liable for and shall pay the Securities Division the costs and expenses incurred in the investigation of this matter in the amount of \$1,000.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that MotoVentures enters into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, MotoVentures waives its right to a hearing and to judicial review of this matter.

IT IS FURTHER AGREED that this Consent Order shall not prohibit MotoVentures from establishing or maintaining in the state of Washington a franchise relationship that is compliant with the state’s Franchise Investment Protection Act.

Signed this 26th day of December 2019.

MotoVentures, Inc.

By _____/s/_____
Gary LaPlante
President of MotoVentures, Inc.

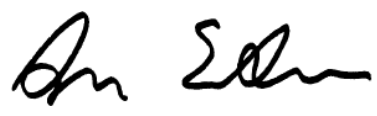
SIGNED and ENTERED this 22nd day of January 2020.

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William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Eric Palosaari
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor