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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Franchise Investment Protection Act of
Washington by:

Margarita Man HQ, LLC
d/b/a The Margarita Man;

Respondent

Order No. S-20-2980-20-CO01

CONSENT ORDER

8 Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities
9 Division and Respondent Margarita Man HQ, LLC d/b/a The Margarita Man do hereby enter into this Consent
10 Order in settlement of the matters alleged herein. Respondent Margarita Man HQ, LLC d/b/a The Margarita
11 Man neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondents

16 1. Margarita Man HQ, LLC d/b/a The Margarita Man (hereinafter, "The Margarita Man") is an
17 Oklahoma limited liability company formed on June 3, 2019. The Margarita Man was originally formed in
18 1984 by Laurent Perron, who operated through two Texas corporations, Manchise, Ltd. and MMMix Ltd. In
19 approximately August 2019, the business was sold to new owners, who purchased all of its assets, contracts,
20 license agreements, and franchise agreements. The Margarita Man is headquartered in Stillwater, Oklahoma.

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Nature of the Conduct

23 2. In May 2017, two residents of Idaho (hereinafter, "the franchisees") entered into a license
agreement with MMMix, Ltd. dba The Margarita Man. The agreement had a term of ten years, and granted
the franchisees a license to use The Margarita Man System and operate a business using the Margarita Man
System within a protected territory that included three counties in Idaho (Kootenai, Latah, and Bonners) and

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Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 two counties in the state of Washington (Spokane and Whitman). The franchisees were not provided with a
2 Franchise Disclosure Document (FDD).

3 3. The franchisees used a business address in Newman Lake, Washington and did business as
4 The Margarita Man Inland NorthWest and The Margarita Man Spokane.

5 4. The license agreement granted the franchisees the right to operate a business using The
6 Margarita Man System and trademarks, products, and proprietary information. The business involves renting
7 out and delivering The Margarita Man brand frozen beverage machines, which dispense The Margarita Man
8 brand frozen drink mixes. Franchisees are provided with an operations manual that provides guidance on how
9 to establish, equip, staff, operate, market, supply, and advertise their business.

10 5. As part of the agreement, the franchisees paid a fee of \$3,495. The franchisees also paid more
11 than \$6,500 for the purchase of three frozen beverage machines. Franchisees are also required to purchase a
12 minimum amount of frozen drink mixes from The Margarita Man each year.

13 6. Margarita Man HQ, LLC uses the website, www.margaritaman.com, which offered franchises
14 to the public, including residents of the state of Washington. The website stated that there were over 60
15 Margarita Man franchises.

16 7. The website included an Opportunity webpage, which included a link to a letter that included
17 detailed information regarding purchasing a franchise. The letter stated that “We have successful franchisees
18 all across America, and we believe everyone should have a Margarita Man in their area.” The letter included
19 ten reasons to purchase a Margarita Man franchise, including a recognized brand, a turnkey operation with a
20 comprehensive operations manual, and support from headquarters. The letter described two options to
21 purchase a franchise, and stated that each option was “in compliance with state and federal franchise
22 regulations.” Both options required the payment of a one-time franchisee fee for an exclusive right to a
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1 territory. The letter also stated that there was a private Margarita Man Franchisee group on Facebook, which
2 is used by franchisees to share ideas and pictures.

3 **Registration Status**

4 8. Margarita Man HQ, LLC d/b/a The Margarita Man is not currently registered to sell its
5 franchises in the state of Washington and has not previously been so registered. There is no notification of
6 exemption on file with the state of Washington.

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

8 **CONCLUSIONS OF LAW**

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10 1. The offer or sale of franchises as described above constitutes the offer or sale of a franchise
11 as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

12 2. The offer or sale of said franchises was in violation of RCW 19.100.020 because no
13 registration for such offer or sale is on file with the Washington Securities Administrator.

14 3. The offer or sale of said franchises was in violation of RCW 19.100.080 because Margarita
15 Man HQ, LLC d/b/a The Margarita Man failed to provide the franchisees with a franchise disclosure
16 document prior to the sale of the franchise.

17 **CONSENT ORDER**

18 Based upon the foregoing and finding it in the public interest:

19 IT IS AGREED AND ORDERED that Respondent Margarita Man HQ, LLC d/b/a The Margarita
20 Man, and its agents and employees shall each cease and desist from offering or selling franchises in violation
21 of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the state of
22 Washington.

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Securities Division
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1 IT IS FURTHER AGREED AND ORDERED that Respondent Margarita Man HQ, LLC d/b/a The
2 Margarita Man, and its agents and employees shall each cease and desist from any violation of RCW
3 19.100.080, the franchise disclosure document section of the Franchise Investment Protection Act of the state
4 of Washington.

5 IT IS FURTHER AGREED AND ORDERED that Respondent Margarita Man HQ, LLC d/b/a The
6 Margarita Man shall be liable for and shall pay investigative costs of \$1,000 prior to the entry of this Consent
7 Order.

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

9 IT IS FURTHER AGREED that Respondent Margarita Man HQ, LLC d/b/a The Margarita Man enters
10 into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.
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12 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Margarita Man HQ,
13 LLC d/b/a The Margarita Man waives its right to a hearing and to judicial review of this matter.

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15 Signed this 28th day of September, 2020

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17 Signed by:
18 Margarita Man HQ, LLC

19 By /s/
Jeremy Freeman
20 Co-Owner

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SIGNED and ENTERED this 6th day of October, 2020



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Robert Kondrat
Financial Legal Examiner