

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

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

8 Mobiledumps Franchising, LLC

9 Respondent

Order No.: S-23-3546-23-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO
ENTER ORDER TO CEASE AND DESIST

10 THE STATE OF WASHINGTON TO:

Mobiledumps Franchising, LLC

11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator for the State of Washington has reason to believe
13 that Respondent Mobiledumps Franchising, LLC has violated the Franchise Investment Protection Act of
14 Washington, chapter 19.100 RCW, and that its violations justify the entry of an order of the Securities
15 Administrator under RCW 19.100.248 against it to cease and desist from such violations. The Securities
16 Administrator finds as follows:

17 **TENTATIVE FINDINGS OF FACT**

18 Respondent

19 1. Mobiledumps Franchising, LLC (“Mobiledumps”) is a Virginia limited liability company
20 organized on September 14, 2021. Mobiledumps maintains a principal place of business in Richmond,
21 Virginia.

22 Nature of the Conduct

The Franchise

23 2. Mobiledumps sells a franchise that allows purchasers to start a business renting out trailers
which customers use to dispose of household and other kinds of refuse. Franchisees use Mobiledumps’ trade

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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1 names, logos, and other “proprietary marks,” as well as Mobiledumps’ “system” when conducting their
2 franchise’s business. The system consists of the logistics of dropping off and picking up the trailers, the
3 dumpsters’ design, Mobiledumps’ “specialized IT system,” operating standards and procedures, and
4 advertising, promotional, and marketing materials, among other things. Franchisees also must use
5 Mobiledumps’ business management system for booking jobs and to process payments received.

6 3. Franchisees pay a nonrefundable initial franchise fee of at least \$25,000. The population of a
7 new franchisee’s territory will increase the amount of this fee. Franchisees must also pay between \$1,800
8 and \$3,200 for signage before they begin operating their franchises. Franchisees must also pay seven percent
9 of gross receipts weekly, a monthly “IT service fee” of up to \$350, and a “brand fund fee” of up to two
10 percent of gross sales. Franchisees must also pay up to two percent of gross sales on local advertising
11 monthly.

12 *Offers and Sales to Washington Residents*

13 4. In August 2022, Mobiledumps provided a Franchise Disclosure Document dated May 19,
14 2022 to two Washington residents. However, at that point, Mobiledumps had not filed an initial franchise
15 registration application with the Securities Division, and would not do so until October 4, 2022. That
16 application has not been approved by the Securities Division, and, consequently, the Securities Division has
17 not issued Mobiledumps a license to offer and sell its franchises in Washington. Despite this, in December
18 2022, the Washington residents paid an initial \$25,000 franchise fee and entered into a franchise agreement
19 with Mobiledumps.

20 5. Mobiledumps promotes its franchise on the website mobiledumps.com (the “website”), which
21 is available to the general public. The website has a tab labelled “Franchising” on which Mobiledumps
22 identifies what it believes to be the traits and characteristics that will lead to success as a franchisee.
23 Elsewhere on the website, Mobiledumps lists reasons why a Mobiledumps franchise is an appealing

1 investment. Finally, the website invites interested parties to provide their contact information which
2 Mobiledumps will use to contact them.

3 6. In December 2022, another Washington resident reached out to Mobiledumps to learn more
4 about the franchise opportunity after viewing the website. Mobiledumps and the Washington resident
5 exchanged messages thereafter, but Mobiledumps did not sell him a franchise.

6 *False Statements to the Securities Division*

7 7. In January 2023, the Securities Division told Mobiledumps' counsel that it had found a page
8 on the website that stated that a Mobiledumps location was "coming soon" to Spokane. The Securities
9 Division brought this to the attention of Mobiledumps' counsel, who stated that Mobiledumps had not sold
10 a franchise in Spokane, that the "coming soon" message was prompted by a prospect who had expressed
11 interest in operating a franchise in Spokane, and that it had been removed from the website.

12 8. In February 2023, the Securities Division showed to Mobiledumps' counsel, a December 19,
13 2022 post on Mobiledumps' Facebook page that stated, among other things, that Spokane was its "newest
14 location," and that it would begin business in February 2023. After speaking to her client, counsel stated to
15 the Securities Division that Mobiledumps had provided inaccurate information about its activity in
16 Washington to her, and that Mobiledumps had in fact sold the franchise, discussed in Paragraph 4 above,
17 that would cover the greater Spokane area.

18 Registration Status

19 9. Respondent, Mobiledumps Franchising, LLC, is not currently registered to sell its franchises
20 in the State of Washington and has not previously been so registered.

21 **CONCLUSIONS OF LAW**

22 Based on the above Tentative Findings of Fact, the following Conclusions of Law are made:
23

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

3 2. The offer and/or sale of said franchises is in violation of RCW 19.100.020 because no
4 registration or exemption for such offer and/or sale by Respondent, Mobiledumps Franchising, LLC, was on
5 file with the Securities Administrator at the time of such offer and/or sale.

6 3. Respondent, Mobiledumps Franchising, LLC, violated RCW 19.100.170(1) because it stated,
7 through counsel, to the Division that it had not sold a franchise in Washington, when, in fact, it had.

8 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

9 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
10 intends to order that Mobiledumps Franchising, LLC, and its agents and employees, shall each cease and
11 desist from violations of RCW 19.100.020 and RCW 19.100.170.

12 **AUTHORITY AND PROCEDURE**

13 This Order is entered pursuant to the provisions of RCW 19.100.248 and is subject to the provisions
14 of Chapter 34.05 RCW. Mobiledumps Franchising, LLC may make a written request for a hearing as set forth
15 in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying
16 this order. If Mobiledumps Franchising, LLC does not request a hearing within the allowed time, the
17 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as
18 final and enter an order to cease and desist permanent against Mobiledumps Franchising, LLC.

1 Signed and Entered this 10th day of April 2023.

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/s/

William M. Beatty
Securities Administrator



Approved by:

Presented by:

/s/

Brian J. Guerard
Chief of Enforcement

/s/

Edward R. Thunen
Financial Legal Examiner

Reviewed by:

/s/

Huong Lam
Financial Legal Examiner Supervisor