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

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

Order No. S-24-3759-24-CO01

CONSENT ORDER

2406 Holdings, LLC,

Respondent.

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INTRODUCTION

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Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and 2406 Holdings, LLC do hereby enter into this Consent Order in settlement of the matters alleged herein. 2406 Holdings, LLC neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondent

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1. 2406 Holdings, LLC (“2406 Holdings”) is a Texas entity formed on January 29, 2016, with its principal place of business in Texas. 2406 Holdings was previously known as Pinot’s Palette Franchise, LLC. Pinot’s Palette Franchise, LLC was in the business of selling Pinot’s Palette franchises which was a ‘paint and sip’ wine and painting franchise business.

Nature of the Conduct

Overview

2. In 2013, Franchisees A and B, who were Oklahoma residents at the time, contacted 2406 Holdings, known as Pinot’s Palette Franchise, LLC at the time, to obtain information on opening a Pinot’s Palette franchise location. During the initial conversations between Franchisees A and B and 2406 Holdings, the franchisees informed 2406 Holdings of their likely move from Oklahoma to Washington, Colorado, or

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

1 California due to Franchisee B’s potential employment opportunities in those states. Franchisee B accepted
2 an employment opportunity in Spokane, WA in 2013.

3 3. In the spring or summer of 2013, Franchisees A and B then informed 2406 Holdings they would
4 like to open a Pinot’s Palette franchise location in Spokane, WA. 2406 Holdings was not registered to sell
5 franchises in the state of Washington at that time. 2406 Holdings offered Franchisees A and B the ability to
6 enter a Franchise Agreement for an illegitimate Pinot’s Palette location in Oklahoma so that Franchisees A
7 and B could immediately begin searching for a franchise location in Spokane, WA.

8 4. On July 25, 2013, Franchisees A and B executed a ten-year Franchise Agreement with 2406
9 Holdings. The Franchise Agreement language permitted Franchisees A and B to open a Pinot’s Palette location
10 in a “5-miles radius around Nowata, OK” but did not provide an address for the approved franchise location.

11 5. 2406 Holdings typically required a population base of 100,00 – 150,000 residents for their
12 franchise locations. Nowata, Oklahoma had a population of 3,712 in 2013. The closest city to Nowata,
13 Oklahoma with a population in excess of 100,000 in 2013 was Tulsa, Oklahoma—approximately 50 miles
14 away.

15 6. On or about August 2, 2013, Franchisees A and B paid 2406 Holdings the required \$30,000
16 franchise fee for their Spokane location, which later opened to the public on or about February 28, 2014.

17 7. On or about August 7, 2013, Charles Willis, then-president of 2406 Holdings, emailed
18 Franchisees A and B indicating his excitement to see Spokane, WA and start the process of site selection for
19 the Pinot’s Palette franchise location.

20 8. On August 27, 2013, 2406 Holdings received a franchise registration permit from the
21 Washington State Department of Financial Institutions (“DFI”). The permit granted 2406 Holdings the
22 authority to offer and sell franchises in the state of Washington from August 27, 2013, until the permit expired
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1 on August 27, 2014. 2406 Holdings did not disclose its sale of a Spokane franchise location in its application
2 to DFI.

3 9. On or about February 22, 2023, GFH PP, LLC (“GFH PP”) acquired most of the assets of 2406
4 Holdings, including the usage of the trade name ‘Pinot’s Palette’. As part of that asset acquisition, 2406
5 Holdings assigned its rights in its existing Franchise Agreements to GFH PP.

6 10. On December 26, 2023, GFH Pinot’s Palette, LLC (“GFH Pinot’s Palette”), a subsidiary of
7 GFH PP, received a franchise registration permit from DFI. The permit granted GFH Pinot’s Palette the
8 authority to offer and sell franchises in the state of Washington until the permit expires on December 26, 2024.

9 11. On or about March 16, 2024, the Spokane, WA Pinot’s Palette location closed.

10 12. On June 28, 2024, Painting With A Twist acquired the assets of GFH PP, LLC, including the
11 usage of the trade name ‘Pinot’s Palette’ and the rights in existing Pinot’s Palette Franchise Agreements.

12 **Registration Status**

13 13. 2406 Holdings, LLC was first registered to sell its franchises in the state of Washington as
14 Pinot’s Palette Franchise, LLC on August 27, 2013, and is currently registered to offer and sell franchises until
15 their permit expires on January 3, 2024.

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

17 **CONCLUSIONS OF LAW**

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

20 2. 2406 Holdings, LLC violated RCW 19.100.020, the franchise registration section of the
21 Franchise Investment Protection Act, by offering and/or selling franchises for which no registration is on file
22 with the Securities Administrator.

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

1 **CONSENT ORDER**

2 IT IS AGREED AND ORDERED that Respondent 2406 Holdings, LLC, and their agents and
3 employees, shall each cease and desist from violating RCW 19.100.020, the franchise registration section of
4 the Franchise Investment Protection Act.

5 IT IS AGREED that Respondent 2406 Holdings, LLC shall be liable for and pay costs in the amount
6 of \$2,500 prior to entry of this order.

7 IT IS AGREED that Respondent 2406 Holdings, LLC enters into this Consent Order freely and
8 voluntarily and with a full understanding of its terms and significance.

9 IT IS AGREED that the Securities Division has jurisdiction to enter this order.

10 IT IS AGREED that in consideration of the foregoing, the Respondent waives their right to a hearing
11 and to judicial review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW.

12 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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15 Signed this _____ day of October 2024.

16
17 Signed by:

18 2406 Holdings, LLC

19 _____
20 /s/ Charles Willis
21 Charles Willis
22 President
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SIGNED and ENTERED this 4th day of November 2024.



_____/s/_____
William M. Beatty
Securities Administrator

Approved by:

Presented by:

_____/s/_____
Brian Guerard
Chief of Enforcement

_____/s/_____
Kassidy Smith
Financial Legal Examiner

Reviewed by:

_____/s/_____
Holly Mack-Kretzler
Financial Legal Examiner Supervisor