

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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

EP Food Services, Inc.,

Respondent.

SDO - 027 - 02

CONSENT ORDER

Case No. 02-01-003

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondent, EP Food Services, Inc., do hereby agree to this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

EP Food Services, Inc. is an Arizona corporation whose principal place of business is 5930 West Greenway Road, Suite 1, Glendale, Arizona 85029.

II.

EP Food Services, Inc. is a seller of opportunities to operate pizza restaurants under the name "Eatza Pizza" and in accordance with specific business systems, methods, standards, operating procedures, and the use of certain trade names, trademarks, service marks and commercial symbols. First-time purchasers of EP Food Services, Inc. franchises are obligated to pay an initial franchise fee of \$25,000 upon execution of a franchise agreement, and in return are entitled to receive manuals and

1 other information concerning operation of outlets, site selection assistance, and training in the
2 operation of the business within an exclusive territory.

3 III.

4 On January 10, 2002, EP Food Services, Inc. filed or caused to be filed with the Securities
5 Division an initial application to register its "Eatza Pizza" opportunity in Washington (Franchise
6 Registration Application File No. 70012049) pursuant to Washington's Franchise Investment
7 Protection Act. The Uniform Franchise Offering Circular filed with the application, along with other
8 materials, indicated that EP Food Services, Inc. had sold its opportunity to a Washington resident for
9 operation of the business in Washington prior to the date of application.
10

11 IV.

12 EP Food Services, Inc. is not currently and has not previously been registered to offer or sell franchises
13 in the state of Washington.

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

15 CONCLUSIONS OF LAW

16 I.

17 The offer and/or sale of the opportunity described in Tentative Findings of Fact I through II
18 above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4).
19

20 II.

21 The offer and/or sale of at least one such franchise as described in Tentative Findings of Fact I
22 through IV above was in violation of RCW 19.100.020 because no franchise registration was in effect
23 with the Administrator of Securities of the State of Washington nor permit issued to Respondent EP
24 Food Services, Inc. for the offer and/or sale of "Eatza Pizza" franchise to the Washington resident.

ORDER AND CONSENT

Based on the premises of the foregoing:

IT IS THEREFORE AGREED AND ORDERED that EP Food Services, Inc., its employees and agents each shall refrain from the offer and sale of unregistered franchises in the State of Washington in violation of RCW19.100.020, the registration requirement provision of the Franchise Investment Protection Act.

IT IS THEREFORE AGREED AND ORDERED that EP Food Services, Inc. shall inform its current Washington franchises of the existence by providing them copies of this Order and current UFOC disclosure document disclosing the existence and contents of the Order and provide to the Securities Division within 60 days of the date of entry of this Order proof of receipt or proof of delivery to franchisees. In the event such proof of receipt or proof of delivery is not so provided within 60 days, franchisor agrees to reimburse the Securities its reasonable costs of investigating whether franchisees were provided a copy of the Order and current UFOC.

IT IS THEREFORE AGREED AND ORDERED that EP Food Services, Inc. shall inform all employees and agents who offer franchises in this State of the existence and contents of this Order for a period of three years from the date of entry of this Order.

IT IS THEREFORE AGREED AND ORDERED that this Order shall remain in force and effect for a period of three years from the date of entry of this Order.

IT IS THEREFORE AGREED that EP Food Services Inc. shall reimburse the Securities Division \$500.00 for its costs incurred in its investigation of this matter.

IT IS THEREFORE AGREED that EP Food Services, Inc. waives its rights to a hearing in this matter.

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

WILLFUL VIOLATION OF AN ORDER OF THE SECURITIES ADMINISTRATOR IS A FELONY.

1 EP Food Services, Inc., by:

2
3 _____
(Signature)

4
5 _____, 2002.
(Print Name and Title) (Date)

6 This Order entered by the Securities Division this 9th day of April, 2002.

7 By:

8
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11 _____
Deborah R. Bortner
12 Securities Administrator

13 Approved for entry by:

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15 _____
Michael Stevenson
16 Chief of Compliance

17 Presented by:

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19 _____
Brad Ferber
20 Financial Legal Examiner