

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:

Pita Pit, Inc.,

Respondent.

SDO - 056 - 02

CONSENT ORDER

Case No. 02-05-202

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondent, Pita Pit, 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.

Pita Pit, Inc. is a Delaware corporation with a principal international business address of 11 Princess Street, Suite #305, Kingston, Ontario, K7L 1A1 Canada.

II.

Pita Pit, Inc., doing business under the names "Pita Pit, Inc." and "The Pita Pit®," is a seller of opportunities to operate retail establishments devoted to the preparation and sale of pita sandwiches and other food items. Purchasers of the opportunity operate the business in accordance with a marketing plan and system and have the right to establish and operate restaurants under the name "The Pita Pit®" or other designated names and marks and all other current or future trade names, service marks, trademarks and related logos. Purchasers of the opportunity are also obligated to pay an initial franchise fee of \$25,000 and in return are entitled to receive manuals and other information concerning pre-opening procedures, daily operations, and training in the operation of the business within a specific geographic boundary.

CONSENT ORDER

Pita Pit, Inc.

1

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

III.

1 On March 29, 2002, Pita Pit, Inc. filed or caused to be filed with the Securities Division an initial  
2 application to register "The Pita Pit®" opportunity in Washington (Franchise Registration Application File No.  
3 70012115) pursuant to Washington's Franchise Investment Protection Act. The Uniform Franchise Offering  
4 Circular filed with the application, along with other materials, indicated that Pita Pit, Inc. had sold its  
5 opportunity to a Washington resident for operation of the business in Washington prior to the date of  
6 application.

IV.

8 Pita Pit, Inc. is not currently and has not previously been registered to offer or sell franchises in the state of  
9 Washington.

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

12 CONCLUSIONS OF LAW

13 I.

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

17 II.

18 The offer and/or sale of at least one such franchise as described in Tentative Findings of Fact I through  
19 IV above was in violation of RCW 19.100.020 because no franchise registration was in effect with the  
20 Administrator of Securities of the State of Washington nor permit issued to Respondent Pita Pit, Inc. for the  
21 offer and/or sale of "The Pita Pit®" franchise to the Washington resident.

22 ORDER AND CONSENT

23 Based on the premises of the foregoing:

24 CONSENT ORDER

25 Pita Pit, Inc.

26 2

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

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

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

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

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

15 IT IS THEREFORE AGREED that Pita Pit, Inc. shall reimburse the Securities Division \$500 for its costs  
16 incurred in its investigation of this matter payable prior to the entry of this Order.

17 IT IS THEREFORE AGREED that Pita Pit, Inc. waives its rights to a hearing in this matter.

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

19  
20 WILLFUL VIOLATION OF AN ORDER OF THE SECURITIES ADMINISTRATOR IS A FELONY.  
21  
22  
23  
24

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

Pita Pit, Inc., by:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_, 2002.  
(Print Name and Title) (Date)

This Order entered by the Securities Division this 26<sup>th</sup> day of June 2002.

By:

*Deborah R Bortner*  
\_\_\_\_\_

Deborah R. Bortner  
Securities Administrator

Approved for entry by:

\_\_\_\_\_  
Michael Stevenson  
Chief of Compliance

Presented by:

\_\_\_\_\_  
Brad Ferber  
Financial Legal Examiner