

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
DA-VI NAILS INTERNATIONAL LLC.,
DAVID TRUONG and VI TRUONG CAO,

PETITION FOR ORDER

Respondents.

File No. S-08017(FX)

The staff of the Bureau of Registration and Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to §553.55, Wis. Stats., and as a result thereof alleges as follows:

1. Da-Vi Nails International LLC (“Da-Vi”), formerly known as California Nails, is a Utah limited liability company with a principal business address of 5805 South State Street, Murray, Utah 84107.
2. David Truong (“Truong”) is an individual with a last known business address of 5805 South State Street, Murray, Utah 84107.
3. Vi Truong Cao (“Cao”) is an individual with a last known business address of 5805 South State Street, Murray, Utah 84107
4. Upon information and belief, Truong has been International Business Manager of Da-Vi at all times material hereto.
5. Upon information and belief, Cao has been Manager of Operations and guides Salon Styles, Procedures and Customer Service for Da-Vi. at all times material hereto,
6. Upon information and belief, on or about May 26, 2005, Truong sold a business opportunity to a person in Wisconsin for a fee of \$20,000.
7. The person in Wisconsin signed a License Agreement Renewal (“Agreement”) on March 11, 2008, which stated a monthly license fee in the amount of \$300. The person in Wisconsin was also required to sign a Licensee Sublease Agreement with an initial term for two years, beginning on March 1, 2008, with a rental amount of \$2,114.00 per month.
8. The Agreement gives the licensee the following rights:
 - a. the right to use the name of “Da-Vi Nails” in licensee signage and promotional materials,

- b. the right to operate a nail salon business on the Site,
 - c. the right to obtain and use the business and trade practices developed by Da-Vi Nails,
 - d. the right to participate in cooperative advertising with Da-Vi Nails that may be available from time to time,
 - e. the right to use the Merchant Account of Da-Vi Nails for the purpose of accepting credit card charges for Licensee's customers,
 - f. the right to enjoy discounts on merchandise purchased from Da-Vi Nails; and
 - g. the right to education and training that may be available from Da-Vi Nails.
9. Pursuant to the Agreement the respondents granted the licensee the right to engage in the business of offering, selling or distributing goods or services under a marketing plan or system prescribed in substantial part by the offeror; the operation of the business was in association with a trademark, service mark, trade name, logotype, advertising or other commercial symbol; and there was a required payment of a fee in connection with the use of the trademark.
10. The "business opportunity" described in the above paragraphs is a "franchise" as that term is defined by §553.03(4), Wis. Stats.
11. Respondents failed to provide the franchisees with an offering circular containing material facts and information required under Chapter 553 of the Wisconsin Statutes.
12. Respondents failed to register their franchise offering before entering into the Agreement with the Wisconsin person.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached order pursuant to Ch. 553, Wis. Stats.

Kathryn L. Denton 5/26/09
Kathryn L. Denton Date
Examiner
Bureau of Enforcement

Leslie M. Van Buskirk 5/26/09
Leslie M. Van Buskirk Date
Attorney Supervisor
Bureau of Enforcement