

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

In the Matter of
WINDOW WORLD, INC.,
Respondent.

ORDER OF PROHIBITION
(CONSENT)
File S-221138 (FX)

Based on the attached Petition for Order and Waiver and Consent to Order, I find that this action is necessary and appropriate in the public interest and for the protection of investors.

Therefore, pursuant to § 553.58, Wis. Stats.,

IT IS ORDERED THAT:

Window World, Inc., its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on its behalf, are prohibited from violating any provision of Chapter 553, Wis. Stats., or any successor statutes.

EXECUTED at Madison, Wisconsin, the 17th day of May, 2012.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities

NOTICE:

You are advised that any willful violation of an Order issued by the Administrator of the Division of Securities of the Wisconsin Department of Financial Institutions under Ch. 553, Wis. Stats., is a criminal offense punishable under the provisions of § 553.52, Wis. Stats.

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In the Matter of

WINDOW WORLD, INC.,

Respondents.

PETITION FOR ORDER

File No. S-221138(FX)

The staff of the Bureau of 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. Window World, Inc. ("Window World") is a North Carolina corporation with a principal business address of 118 Shaver Street, North Wilkesboro, NC 28659.
2. Window World offers and sells franchises for businesses marketing and selling custom-made vinyl windows, vinyl siding, and doors for residential and commercial use.
3. Window World has "developed confidential and proprietary trade and design methods, techniques, and secrets, and has also developed marketing and pricing lists and techniques, and has invested time and financial resources into the name 'Window World, Inc.," and the trade name, "Window World."
4. Window World allows its licensees to utilize the Window World trade name while operating a Window World business only after entering into a written "Licensing Agreement" with Window World.
5. Window World has approximately 200 licensees operating Window World franchises throughout the United States.
6. In September 2011, information available to the Division identified that Window World offered and sold franchises, in the form of Licensing Agreements, in violation of the registration and disclosure requirements of the Wisconsin Franchise Investment Law.
7. In October 2011, legal counsel for Window World notified the Division that Window World had entered into License Agreements in Wisconsin that may have constituted as franchises, and that none of the licensees had received a Uniform Franchise Offering Circular or Franchise Disclosure Document. Counsel indicated that Window World sought to self-report these transactions to the Division because they recognize that their Licensing Agreements offered and sold in Wisconsin could be interpreted to be franchises under federal and state franchise laws.
8. According to documents provided by Window World's counsel to the Division in March 2012, Window World approved a total of eight (8) licenses to five (5) licensees within the State of Wisconsin for the time period from October 2000 to January 2012.
9. Window World represents receipt of the following license fee charges per licensee:
 - Window World of Chippewa Valley - \$9,810 paid in 2007
 - Window World of Fond Du Lac - \$5,810 paid in 2004
 - Window World of Green Bay - \$5,410 paid in 2002
 - Window World of LaCrosse - \$12,900 paid in 2008

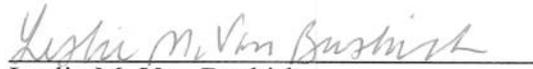
- Window World of Madison - \$5,810 paid in 2004
 - Window World of Madison - No payment due upon reissue
 - Window World of Milwaukee - no record of payment made
 - Window World of Racine - \$5,810 paid in 2004
 - Window World of Wausau - \$5,810 paid in 2004
10. Window World was not registered to sell franchises under the Wisconsin Franchise Investment Law at the time it entered into Licensing Agreements with those licensees listed in ¶ 9.
 11. Section 553.21, Wis. Stats., provides that no person may sell in this state any franchise unless the franchise has been registered under this chapter or is exempt.
 12. Window World did not provide the five (5) licensees with the required Franchise Disclosure Document, as required by §553.27(4), prior to the time it entered into Licensing Agreements with those licensees listed in ¶ 9.
 13. Section 553.27(4), Wis. Stats., provides that no franchise subject to registration under this chapter may be sold in this state unless a copy of an offering circular is provided to the prospective franchisee at least 14 days prior to the execution by the prospective franchisor or any affiliate of the franchisor or at least 14 days prior to the payment of any consideration to the franchisor or any affiliate of the franchisor, whichever first occurs.
 14. According information submitted to the Division by Window World's counsel in March 2012, Window World sent a written notice of rescission to all Wisconsin licensees in October 2011. This notice explained that Window World may have recently violated federal and state laws by failing to comply with federal and state disclosure requirements. Window World granted its licensees an opportunity to either keep their current Licensing Agreement or to rescind their Window World Licensing Agreement and end their business relationship with Window World.
 15. Window World notified its licensees that if they chose to rescind their Licensing agreement, they would have to discontinue use of any and all Window World trademarks, return all "proprietary materials, including but not limited to their standard operating procedures manual, advertising materials, promotional materials, forms, contracts, brochures, window displays and/or any other materials which bear the Window World trademark(s)." In return, Window World would refund the license fee paid "less the profits derived through the operation of their business."
 16. Attached to its rescission notice, Window World included a copy of its October 18, 2011 Wisconsin-registered Federal Disclosure Document along with a copy of the Division's Registration Application Confirmation receipt.
 17. Upon information and belief, all current Wisconsin licensees agreed to continue their business relationship as a franchisee and agreed to operate under their current Licensing Agreement until its expiration.
 18. The Division does not object to the rescission process undertaken by Window World as represented by Window World's counsel in this instance.
 19. Upon information and belief, Window World has implemented policies and procedures to ensure future compliance with the registration and disclosure provisions of the Wisconsin Franchise Investment Law.

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

Dated this 4th day of May, 2012 in Madison, Wisconsin.



Chad R. MacHolz
Examiner
Bureau of Enforcement



Leslie M. Van Buskirk
Attorney Supervisor
Bureau of Enforcement

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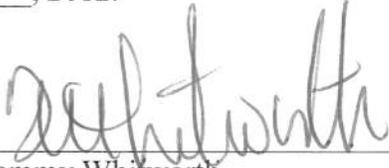
WAIVER AND CONSENT TO ORDER
File S-221138 (FX)

The undersigned Respondent, having decided not to contest the issuance of the attached Order in the above-referenced matter, and neither admitting nor denying the allegations in the Petition for Order, hereby waives his right to a hearing with respect to this matter and hereby consents to the issuance of the Order.

The undersigned Respondent understands the Order is effective when signed by the Administrator of the Division of Securities, and that a willful violation of an Order signed by the Administrator is a criminal offense.

EXECUTED this 1 day of May, 2012.

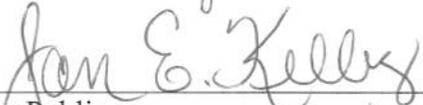




Tammy Whitworth
CEO and Chairman of Board
Window World, Inc.

State of NC)
)ss.
County of Wilkes)

Subscribed before me this
1 day of May, 2012 ,



Notary Public
My commission expires 5/17/14