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

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In the matter of,

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|---|---|
| ULTIMATE FRANCHISES, INC.,<br>SCOTT W. GRIFFITHS, and<br>RONALD LOVE, | SUMMARY ORDER TO<br>CEASE AND DESIST |
| Respondents. | DFI Case No. S-238797 (FX) |

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**I.**

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Franchise Investment Law, Wis. Stats. Ch. 553 ("Ch. 553") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

**II.**

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**A. Findings of Fact**

**Respondents**

1. Ultimate Franchises, Inc. ("Ultimate Franchises") is a corporation incorporated in California on or about August 25, 2008. Ultimate Franchises has a last known business address of 30821 Seminole Place, Laguna Niguel, CA 92677.

2. W. Scott Griffiths ("Griffiths") is an adult male resident of California born in April 1953. At all times material, Griffiths was the Chairman and Chief Executive Officer of Ultimate Franchises. Griffiths has a last known address of 30821 Seminole Place, Laguna Niguel, CA 92677.

3. Ronald Love ("Love") is an adult male resident of California born in July 1949. At all times material, Love was the President of Ultimate Brands.[1] Love has a last known address of 30821 Seminole Place, Laguna Niguel, CA 92677.

**Conduct**

4. Mana Concepts, Inc. ("Mana Concepts") is a California corporation incorporated on or about November 30, 2001. Mana Concepts' registered agent was Mark Applegate, with a last known address of 4468 Saratoga Ave, San Diego, California 92107.

5. On or about June 8, 2005, Mana Concepts amended its articles of incorporation to reflect that Love was the President of Mana Concepts and Griffiths was the Secretary of Mana Concepts.

6. On August 4, 2010, Mana Concepts filed a Statement of Information with the California Department of Business Oversight ("DBO"). The filing identified Griffiths as the Chief Executive Officer, Secretary, and Chief Financial Officer of Mana, and identified both Love and Griffiths as directors also holding officer positions at Mana.

7. On March 29, 2012, Mana filed a Statement of Information with the California Department of Business Oversight. The filing identified Love as the Chief Executive Officer, Secretary, Chief Financial Officer and a director of Mana.

8. Ultimate Franchises was registered to sell franchises in Wisconsin with the Division during the following periods of time:
    a. May 25, 2010 to May 26, 2011;
    b. March 22, 2013 to June 27, 2015;
    c. July 20, 2015 to July 20, 2016; and
    d. July 27, 2016 to July 27, 2017.

9. As part of Ultimate Franchises' registrations, it filed a copy of the company's offering circular (also known as a franchise disclosure document) for each year it registered with the Division.

10. Ultimate Franchises provided a copy of its offering circular to at least one prospective franchisee in Wisconsin in June of 2014.

11. Item 2 of Ultimate Franchises' offering circular named and described the following persons as being directors, trustees, general partners, principal officers, and/or individuals having management responsibility relating to the sale or operation of franchises by Ultimate Franchises:

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[1] According to Ultimate Franchises' offering circular, 2Ulitimate Brands, Inc. is the parent company of Ultimate Franchises, and Ultimate Brands is the parent company of 2Ulitimate Brands, Inc.

*Chairman, Chief Executive Officer and Director: W. Scott Griffiths*

*Mr. Griffiths has been our Chairman and Chief Executive Officer since our incorporation in October 2009. He has also been Chief Executive Officer of Ultimate Brands since September 2005 and has been its Chief Marketing Officer since January 2002. From 2007 to June 2012, Mr. Griffiths also served as President of Boombang Ventures, Inc. in Los Angeles, California.*

*President, Ultimate Brands: Ron Love*

*Ron Love has been President of Ultimate Brands since January 2002. He has also been President of Rebelle Salon, Inc., a boutique women's salon concept, since April 2004.*

*Director of Education and Training: Brigitte Love*

*Brigitte Love has been our Director of Education and Training since our incorporation in October 2009. She has also been Regional Manager for Ultimate Brands since September 2004.*

*President, M& Associates, Inc.: Mike Griffith*

*Mike Griffith is an independent contractor who oversees design and construction standards for us and also provides project management consulting services to our franchisees. Mr. Griffith has been President of M& Associates, Inc. in Huntington Beach, California since June 2002.*

12. None of the offering circulars filed with the Division, including the version distributed to the Wisconsin franchisee, disclosed that Griffiths was the President, Chief Executive Officer, Director, Secretary, or Chief Financial Officer of Mana Concepts.

13. None of the offering circulars filed with the Division, including the version distributed to the Wisconsin franchisee, disclosed that Love was President, Chief Executive Officer, Director, Secretary, or Chief Financial Officer of Mana Concepts.

## B. Conclusions of Law

**Legal Authority and Jurisdiction**

14. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 553 and the rules and orders promulgated thereunder.

15. Ultimate Franchises, Inc. is a franchisor pursuant to Wis. Stat. § 553.03(6).

16. The agreement between Ultimate Franchises, Inc. and the Wisconsin resident is a franchise pursuant to Wis. Stat. § 553.03(4)(a).

17. Pursuant to Wis. Stat. § 553.21, no person may sell in this state any franchise unless the franchise has been registered under this chapter or is exempted under Wis. Stat. §§ 553.23, 553.235 or 553.25.

18. Pursuant to Wis. Stat. § 553.27(4) 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 franchisee of any binding franchise or other agreement with the 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. The offering circular may be in a form that the division requires by rule, in a form permitted under 16 CFR 436 or in a form permitted by a successor to that regulation.

19. Per 16 CFR 436.5(b), in Item 2 of a franchisor's offering circular, a franchisor is required to disclose by name and position the franchisor's directors, trustees, general partners, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by the offering circular. For each person listed in this section, the franchisor must state his or her principal positions and employers during the past five years, including each position's starting date, ending date, and location.

20. Pursuant to Wis. Stat. § 553.41(4), no person may make any untrue statement of material fact in any statement required to be disclosed in writing in a timely manner under Wis. Stat. § 553.27 or omit to state in any such statement any material fact that is required to be stated in the statement.

**Violations**

21. As described above in ¶¶ 1-13, the Respondents violated Wis. Stat. § 553.41(4) when they omitted to state material facts required to be stated in the offering circular required to be filed with the Division pursuant to Wis. Stat. 553.27.

## III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 553, to issue the following orders and notices:

## A. Summary Orders issued pursuant to Wis. Stat. § 553.60

(a) IT IS ORDERED summarily that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of franchises unless and until such franchises are registered or are exempted from registration under Ch. 553 or successor statute.

(b) PLEASE TAKE NOTICE that this order is effective upon the date it is made and filed, pursuant to Wis. Stat. § 553.58(5). This order and made and filed on the date of its issuance.

## B. Service of Order

(c) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Stat. § 553.58(5), Wis. Admin. Code §§ DFI-Sec. 36.01 and DFI-Sec. 8.06. This order shall also be served upon the office of the Division pursuant to Wis. Stat. § 553.73.

(d) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division under Ch. 553 is a criminal offense punishable under the provisions of Wis. Stat. § 553.52.

## C. Notice of Hearing Rights

(e) PLEASE TAKE NOTICE that you have the right to request a hearing pursuant to Wis. Stat. 553.56(2). Within 30 days after the division has issued an order summarily, an interested party may apply to the division for a hearing in respect to any matters determined by the order. Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Stat. § 227.42, Wis. Admin. Code §§ DFI-Sec 36.01 and DFI-Sec. 8.01. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(f) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

(1) By mailing the written petition to:

Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, WI 53701-1768

(2) By delivering the written petition in person to:

Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705

(3) By faxing the written petition to 608-264-7979

(g) PLEASE TAKE FURTHER NOTICE that, within 10 days after an interested party files a written request with the division for a hearing, the matter shall be noticed for a hearing, and a hearing shall be held within 60 days after notice unless extended by the Division for good cause, pursuant to Wis. Stat. § 553.56(2).

(h) PLEASE TAKE FURTHER NOTICE that, during the pendency of any hearing requested under this subsection, the order issued summarily shall remain in effect unless vacated or modified by the division, pursuant to Wis. Stat. § 553.56(2).

(i) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the order is issued, the findings of fact, conclusions of law, and summary orders become final as by operation of law, pursuant to Wis. Stat. § 553.56(3).

EXECUTED at Madison, Wisconsin, this 5th day of September, 2019.

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
4822 Madison Yards Way
Madison, Wisconsin 53705

# State of Wisconsin

*Department of Financial Institutions*

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

**AFFIDAVIT OF SERVICE**
**AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN )
) ss.
COUNTY OF DANE )

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Ultimate Franchises, Inc. at its last known business address of 30821 Seminole Place, Laguna Niguel, CA 92677:

   i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-238797 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

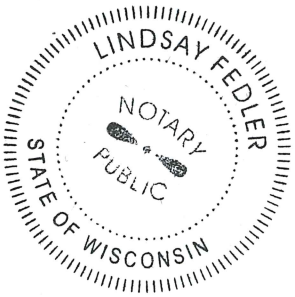
This 5th day of September, 2019.

Lindsay Fedler

Notary Public, State of Wisconsin

My commission is permanent.

(Notary Seal)




*Division of Securities*
Mail: PO Box 1768 Madison, WI 53701-1768
Courier: 4822 Madison Yards Way, Madison, WI 53705
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: www.wdfi.org

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) ss.
COUNTY OF DANE )

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1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent W. Scott Griffiths at his last known address of 30821 Seminole Place, Laguna Niguel, CA 92677:

   i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-238797 (EX); and

   ii. A copy of this Affidavit of Service.

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Department of Financial Institutions
Division of Securities

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Lindsay Fedler
Notary Public, State of Wisconsin

(Notary Seal)

LINDSAY FEDLER
NOTARY
PUBLIC
STATE OF WISCONSIN

My commission is permanent.

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STATE OF WISCONSIN )
) ss.
COUNTY OF DANE )

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Ronald Love at his last known address of 30821 Seminole Place, Laguna Niguel, CA 92677:

   i. A copy of the Summary Order to Cease and Desist, DFI Case No. S-238797 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

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KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 5th day of September, 2019.

Lindsay Fedler
Notary Public, State of Wisconsin

(Notary Seal)

LINDSAY FEDLER
NOTARY PUBLIC
STATE OF WISCONSIN

My commission is permanent.