

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

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In the Matter of  
DA-VI NAILS INTERNATIONAL, LLC,  
Respondent.

ORDER OF PROHIBITION  
(SUMMARY)  
File S-216555 (FX)

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Based on the attached Petition for 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:

Da-Vi Nails International, LLC, 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 14<sup>th</sup> day of June, 2012.

(SEAL)

  
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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 Department of Financial Institutions of the State of Wisconsin under Ch. 553, Wis. Stats., is a criminal offense punishable under the provisions of § 553.52, Wis. Stats.

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

---

In the Matter of  
DAVI NAILS SALON and SPA, LLC,  
Respondent.

ORDER OF PROHIBITION  
(SUMMARY)  
File S-216555 (FX)

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Based on the attached Petition for 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:

Da-Vi Nails Salon and Spa, LLC, LLC, 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 14<sup>th</sup> day of June, 2012.

(SEAL)

  
\_\_\_\_\_  
Patricia D. Struck  
Administrator  
Division of Securities

NOTICE:

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

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In the Matter of  
DAVID TRUONG,

Respondent.

ORDER OF PROHIBITION  
(SUMMARY)

File S-216555 (FX)

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

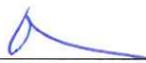
Therefore, pursuant to § 553.58. Wis. Stats.,

IT IS ORDERED THAT:

David Truong, his agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on his behalf, are prohibited from violating any provision of Chapter 553, Wis. Stats., or any successor statutes.

EXECUTED at Madison, Wisconsin, the 11<sup>th</sup> day of June, 2012.

(SEAL)

  
\_\_\_\_\_  
Patricia D. Struck  
Administrator  
Division of Securities

NOTICE:

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

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In the Matter of  
VIET PHAM,

Respondent.

ORDER OF PROHIBITION  
(SUMMARY)

File S-216555 (FX)

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Based on the attached Petition for 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:

Viet Pham, his agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on his behalf, are prohibited are prohibited from violating any provision of Chapter 553, Wis. Stats., or any successor statutes.

EXECUTED at Madison, Wisconsin, the 11<sup>th</sup> day of June, 2012.

(SEAL)



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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 Department of Financial Institutions of the State of Wisconsin under Ch. 553, Wis. Stats., is a criminal offense punishable under the provisions of § 553.52, Wis. Stats.

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

---

In the Matter of

PETITION FOR ORDER

DA-VI NAILS INTERNATIONAL, LLC,  
DAVI NAILS SALON and SPA, LLC, DAVID  
TRUONG, VI TRUONG CAO and VIET PHAM,

File S-216555 (FX)

Respondents.

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The staff of the Bureau of Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin (“the Division”) 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, is a Utah limited liability company organized on February 11, 2005 with a principal business address of 1559 West 3860 South, West Valley City, Utah 84119.
2. DaVi Nails Salon and Spa, LLC is a Utah limited liability company organized on January 11, 2010, with a principal business address of 1559 West 3860 South, West Valley City, Utah 84119.
3. Both Da-Vi Nails International, LLC and DaVi Nails Salon and Spa, LLC share the same owners, officers, principals and managing members, and will be referred to collectively herein as the “Da-Vi entities.”
4. David Truong (“Truong”) is an individual acting as the International Business Manager of the Da-Vi entities at all times material hereto, with a last known business address of 1559 West 3860 South, West Valley City, Utah 84119.

5. Vi Truong Cao (“Cao”) is an individual acting as the Manager of Operations of the Da-Vi entities at all times material hereto, with a last known business address of 1559 West 3860 South, West Valley City, Utah 84119.
6. Viet Pham (“Pham”) is an individual who has been an agent and salesperson for the Da-Vi entities at all times material hereto, with a last known business address of 1559 West 3860 South, West Valley City, Utah 84119.
7. On May 22, 2009, Truong, Cao and Da-Vi Nails International, LLC consented to an Order of Prohibition issued by the Division based on a Petition for Order alleging sale of an unregistered franchise and failure to provide franchisees with a disclosure document on a timely basis as provided in § 553.27(4), Wis. Stats.
8. Da-Vi Nails International, LLC filed a franchise registration with the Division, including copies of the franchise agreement and disclosure document, on July, 8, 2009. The franchise registration for Da-Vi Nails International LLC expired on July 8, 2010. DaVi Nails Salon and Spa, LLC was formed by the same principals and purchased essentially all of the assets and assumed the liabilities of Da-Vi Nails International, LLC.
9. DaVi Nails Salon and Spa, LLC filed a franchise registration with the Division, including copies of the franchise agreement and disclosure document, on March 5, 2010, which expired on March 5, 2011. DaVi Nails Salon and Spa, LLC filed another franchise registration with the Division on March 3, 2011, which expired on March 3, 2012.
10. Upon information and belief, on or about December 17, 2009, Pham, in his/her capacity as an agent and salesperson for the Da-Vi entities, offered a franchise to a prospective franchisee in Wisconsin, gave the prospective franchisee a Deposit Agreement to reserve the salon space,

and accepted a deposit of \$10,000 towards the full franchise fee of \$49,000 on behalf of the Da-Vi entities on that date.

11. Neither Pham, nor anyone else on behalf of the Da-Vi entities, provided the franchisee with a franchise disclosure document or formal franchise agreement to review before accepting her franchise fee deposit in December 2009.

12. The Deposit Agreement submitted to the franchisee for execution was provided by Da-Vi Nails International, LLC, and, upon information and belief, Da-Vi Nails International, LLC is the entity who accepted the franchisee's deposit and franchise fees. However, the Deposit Agreement purports to be made only by and on behalf of "Da-Vi Nails, Inc., a Utah Corporation." According to the State of Utah Department of Commerce, Division of Corporations, there is no corporation registered in the State of Utah by the name of "Da-Vi Nails, Inc." The Deposit Agreement furnished by Da-Vi Nails International, LLC to the franchisee was therefore false and misleading.

13. No entity by the name of "Da-Vi Nails, Inc." has filed for franchise registration with the Division.

14. Upon information and belief, the franchisee paid Da-Vi Nails International, LLC an additional amount of \$33,000 towards the franchise fee on January 5, 2010 when she went to Da-Vi entities' headquarters in Utah for training.

15. At the time the franchisee provided Da-Vi Nails International, LLC with the \$33,000 franchise payment in January, 2010, the Da-Vi entities and their principals and agents still had not provided the franchisee with a franchise disclosure document or formal franchise agreement to review.

16. Upon information and belief, the franchisee opened her nail salon franchise in May 2010, and paid the remaining \$6,000 of the franchise fee on June 23, 2010, but she still had not received a franchise disclosure document or formal franchise agreement from Respondents to review.

17. In or about September 2010, the Da-Vi entities presented the franchisee with a default notice related to the installation of a glass wall at franchisee's salon, to which franchisee objected as being an additional cost that should have already been covered by her initial package price for the salon. Following this event, the franchisee hired legal counsel to assist her in her dispute with the Da-Vi entities.

18. It was only after the franchisee hired legal counsel and objected to the Da-Vi entities' practices, months after her franchise fee had been paid in full, that the Da-Vi entities provided the franchisee with a copy of a franchise disclosure documents. Upon information and belief, the Da-Vi entities never provided the franchisee with a formal franchise agreement.

19. 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 the 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.

20. Despite their awareness of the statutory requirement based on the Division's May 26, 2009 Petition for Order, Respondents again violated § 553.27(4), Wis. Stats. by accepting the franchise fee payment from the franchisee prior to providing the franchisee with a copy of the franchise disclosure document and franchise agreement within the time period required by law.

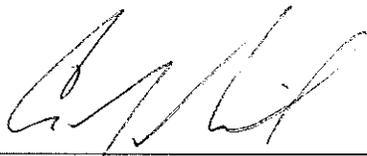
21. Section 553.41(3) provides that no person may offer or sell a franchise in this state by means of any written or oral communication that includes an untrue statement of material fact or omits to state a material fact necessary to make the statements made, light of the circumstances in which they were made, not misleading.

22. Respondents violated Section 553.41(3) by offering and selling a franchise with the use of a Deposit Agreement purporting to be on behalf of "Da-Vi Nails, Inc., a Utah Corporation", when no such entity exists.

23. The Division discussed the allegations in this petition and a proposed consent order with the attorney and agent for respondents. However, respondents' attorney stopped responding to the Division's written and verbal communications concerning the consent order, thereby necessitating a petition for summary order.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities to issue the attached order pursuant to Ch. 553, Wis. Stats.

Dated this 11<sup>th</sup> day of June, 2012.



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Andrew J. Parrish  
Staff Attorney  
Bureau of Enforcement