

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

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
Of the Franchise Investment Protection Act by:

1-800-GOT-JUNK?, LLC and Brian C.  
Scudamore,

Respondents.

S-03-044-03-CO01

CONSENT ORDER

Case No. S-03-044

13  
14

**INTRODUCTION**

15 Pursuant to the Franchise Investment Protection Act of Washington, the Securities Division,  
16 Department of Financial Institutions, and Respondents, 1-800-GOT-JUNK?, LLC and Brian C.  
17 Scudamore, do hereby agree to this Consent Order in settlement of the above captioned matter.  
18 Respondents neither admit nor deny the Findings of Fact or Conclusions of Law as set forth below.

19  
20

**FINDINGS OF FACT**

21

**I. Respondents**

22 1. 1-800-GOT-JUNK?, LLC (“1-800-GOT-JUNK?”) is a Delaware Limited Liability  
23 Company with business headquarters located at 201-2182 West 12<sup>th</sup> Avenue, Vancouver, British  
24

25 CONSENT ORDER

1

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

1 Columbia, Canada V6K2N4. 1-800-GOT-JUNK? is in the business of selling franchises where the  
2 franchisee will collect rubbish for a fee.

3 2. Brain C. Scudamore (“Scudamore”) was the President and Director of 1-800-GOT-JUNK?  
4 at all times relevant to this matter.

5  
6 **II. Nature of the Offer**

7 3. On September 8, 2000, Respondents entered into a “Franchise Agreement” (“Agreement”)  
8 with a Washington resident.

9 4. Upon entering into the Agreement, the Washington resident acquired the right to use 1-800-  
10 GOT-JUNK? as the name under which the resident would do business name and “The System”, which is  
11 a “unique method for operating and franchising rubbish removal business.” The System includes  
12 proprietary software, brand development, training, and marketing programs. Upon entering into the  
13 Agreement, the franchisee “agrees to comply with the System, in its entirety... .”

14 5. The Agreement allowed the franchisee to establish a business using the 1-800-GOT-JUNK?  
15 name. The Agreement specified the territory in which the business may be operated. The Washington  
16 resident’s territory was designated as “Metropolitan Seattle”, which was defined with a circle on a map.

17 6. The franchisee was required to pay an “initial fee” of \$20,000. The franchisee was further  
18 required to pay monthly “royalties” of 8% of the franchisee’s gross revenue. The franchisee was also  
19 required to contribute 7% of gross monthly income to the “Call Centre Fund”. Finally, the franchisee  
20 was required to expend a minimum of 3% gross annual revenue on local advertising.  
21  
22  
23  
24

10. The Washington resident was provided with a Uniform Franchise Offering Circular (“UFOC”). The Washington resident signed a Receipt that stated that he had received the UFOC on June 26, 2000.

### **III. Registration Status**

9. 1-800-GOT-JUNK? is not currently registered to offer or sell franchises in the state of Washington. 1-800-GOT-JUNK? was registered to offer or sell franchises in the State of Washington from April 21, 1999 to April 21, 2000 under permit number 70010972. 1-800-GOT-JUNK? filed a registration application with the State of Washington on November 5, 2002. Application number 70012314 is pending as of the date of entry of this Order.

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

### **CONCLUSIONS OF LAW**

#### **I. Franchise**

1. The offer and/or sale of the franchise opportunity described in the Findings of Fact above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and (15) and (16).

#### **II. Violation of RCW 19.100.020**

2. The offer and/or sale of the franchise is in violation of RCW 19.100.020 because, at the time of the sale, there was no current and effective registration for such offer and/or sale on file with the Securities Administrator of the State of Washington.

**CONSENT ORDER**

Based upon the foregoing:

IT IS THEREFORE AGREED AND ORDERED that 1-800-GOT-JUNK?, LLC and Brian C. Scudamore, their agents and employees, each shall cease and desist from the offer and sale of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS FURTHER AGREED AND ORDERED that 1-800-GOT-JUNK?, LLC and Brian C. Scudamore, their agents and employees shall disclose the existence and contents of this Order in any franchise registration disclosure document approved for use in the State of Washington, such requirement commencing from the date of entry of this Order.

IT IS FURTHER AGREED AND ORDERED that 1-800-GOT-JUNK?, LLC and Brian C. Scudamore shall provide each Washington purchaser with a copy of the Order and a UFOC approved for use in the State of Washington within 30 days of the entry of this Order. Respondents shall subsequently provide proof to the Securities Division that the copy of the Order and UFOC were delivered to each Washington purchaser.

IT IS FURTHER AGREED AND ORDERED that 1-800-GOT-JUNK?, LLC and Brian C. Scudamore shall be jointly and severally liable for and shall pay the Securities Division five hundred dollars (\$500) for its costs incurred in its investigation of this matter. Said payment must be made to the Division prior to the entry of this Order.

IT IS FURTHER AGREED AND ORDERED that 1-800-GOT-JUNK?, LLC and Brian C. Scudamore, their agents and employees shall inform all employees and agents who offer franchises in the State of Washington of the existence and contents of this Order for a period of three years from the date of entry of this Order.

1 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

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

4  
5 In consideration of the foregoing, 1-800-GOT-JUNK?, LLC and Brian C. Scudamore, each waive  
6 their right to a hearing in this matter and to judicial review of this Order.

7  
8 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

9  
10 SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

11 Signed by:

12 1-800-GOT-JUNK?, LLC

13  
14  
15 By \_\_\_\_\_  
16 Brian C. Scudamore, President

17 Signed by:

18  
19  
20 \_\_\_\_\_  
21 Brian C. Scudamore, individually

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

THIS ORDER ENTERED THIS 27 DAY OF March, 2003 BY:

*Deborah R. Bortner*

DEBORAH R. BORTNER  
Securities Administrator

Approved by:

Presented by:

*Michael E. Stevenson*

Michael E. Stevenson  
Chief of Enforcement

//////////S Anderson//////////  
Susan Anderson  
Financial Legal Examiner