

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

In the Matter of:

*

Dickey’s Barbecue Restaurants, Inc.,

*

Case No. 2024-0397

Respondent,

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CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an investigation into the franchise-related activities of Dickey’s Barbecue Restaurants, Inc. (“Respondent”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. Sections 14-201 et seq. (2024 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, the Maryland Securities Commissioner (“Securities Commissioner”) found grounds to allege that Respondent made false or misleading statements of material fact, or omitted material facts, in a prospectus and franchise registration application materials filed with the Securities Division; and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Respondent admitting or denying any violation of law, the Securities Commissioner and Respondent have reached an agreement to enter into this Consent Order; and

WHEREAS, Respondent waives its right to a hearing and any rights to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest

to issue this Consent Order;

NOW, THEREFORE, it is hereby agreed, and the Securities Commissioner hereby orders:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding and over Respondent pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

A. Respondent

2. Respondent, dba Dickey's Barbecue Pit, is a Texas corporation with a principal place of business is 850 Central Parkway East, Suite 140, Plano, Texas 75074.

3. Respondent offers and sells franchises for restaurants that sell barbecue style meats and other food products.

4. As of December 31, 2024, Respondent reported that it had a total of 459 operating franchise outlets in the United States.

5. For most periods since 2006, in order to offer and sell franchises under the Maryland Franchise Law, Respondent filed with the Securities Division franchise registration applications or notices of exemption from franchise registration, which applications and exemptions included Respondent then-current Franchise Disclosure Documents ("FDDs").

B. Franchisors Are Required to List Contact Information for Current and Former Franchisees under the Maryland Franchise Law and FTC Franchise Rule

6. Under the Maryland Franchise Law and section 02.02.08.04 of the Code of Maryland Regulations (COMAR), the FDD that franchisors must register with the Securities Division is described in the NASAA Franchise Registration and Disclosure Guidelines

(“NASAA Guidelines”)¹.

7. The NASAA Guidelines, like the Federal Trade Commission Amended Franchise Rule (“Franchise Rule”), require that a franchisor must disclose in Item 20 of its FDD the names of all current franchisees and the address and telephone number of each of their outlets” (“Current Franchisees”) and the name, city, and state and current business telephone number or if unknown the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement under the [franchisor’s] most recently completed fiscal year or who has not communicated with the franchisor within 10 days of the [FDD] issuance date (“Former Franchisees”).²

8. The FTC noted in the Statement of Basis and Purpose for its Amended Franchise Rule that “disclosure of [contact information for Former Franchisees], like the parallel disclosure of contact information for Current Franchisees, prevents fraud by giving prospective franchisees additional sources of material information about the franchisor, the nature of the franchise system and the franchisor-franchisee relationship.”³

9. A Franchise Cover Sheet required under the NASAA Guidelines, with information about how prospective franchisees can use the FDD, specifically instructs prospective franchisees to refer to the lists of Current Franchisees and Former Franchisees in Item 20 because the prospective franchisee can contact those franchisees to ask about their experience with the franchisor.

¹NASAA Guidelines, <https://www.nasaa.org/wp-content/uploads/2011/08/6-2008UFOC.pdf> at p. 65 .

²Franchise Rule, 16 CFR Part 436 (t)(4) and (5) (Both the FTC Franchise Rule and NASAA Guidelines state that franchisors may substitute alternative contact information at the request of the former franchisee, such as a home address, post office address, or a personal or business email address.)

³72 Fed. Reg. 5444, 15503 (March 30, 2007).

C. Respondent's 2023-2024 Franchise Disclosure Document

10. On September 28, 2023, Respondent filed with the Securities Division a Notice of Exemption under the seasoned franchisor exemption (COMAR 02.02.08.10D) of the Maryland Franchise Law.

11. Included with Respondent's September 28, 2023 Notice of Exemption application was a copy of Respondent's most recent FDD with an issuance date of September 28, 2023 ("Dickey's 2023 FDD").

12. On December 13, 2023, the Securities Division notified Respondent that its Notice of Exemption was deemed filed on December 13, 2023, permitting Respondent to offer and sell franchises in Maryland using that 2023-2024 FDD until December 13, 2024.

13. Dickey's 2023 FDD lists that Respondent had, as of its fiscal year end of May 31, 2023, a total of 443 operating franchise outlets (U.S.), 50 franchise outlets that had ceased operations, and 71 franchise outlets with owners who transferred their franchise agreements to new owners.

14. Dickey's 2023 FDD lists contact information (name, city and state and current business telephone number or other telephone number) for 442 Current Franchisees in the U.S. and 236 Former Franchisees as of May 31, 2024.

D. Respondent's 2024-2025 Franchise Disclosure Document

15. On September 30, 2024, Respondent filed with the Securities Division an application to register Respondent's franchise offering under the Maryland Franchise Law.

16. Included with Respondent's September 30, 2024 registration application was a copy of Respondent's most recent FDD with an issuance date of September 27, 2024 ("Dickey's 2024 FDD").

17. Dickey's 2024 FDD lists that Respondent had, as of its fiscal year end of May 31, 2024, a total of 366 operating franchise outlets (U.S.), 97 franchise outlets that had ceased operations, and 106 franchise outlets with owners who transferred their franchise agreements to new owners.

18. Dickey's 2024 FDD included Contact Information for 366 Current Franchisees and 132 Former Franchisees.

D. Missing Contact Information for Current Franchisees

19. The Securities Division compared the lists of Current Franchisees and Former Franchisees from Dickey's 2023 FDD with the list of Current Franchisees and Former Franchisees from Dickey's 2024 FDD.

20. The Securities Division identified a total of 80 names of Current Franchisees from Dickey's 2023 FDD that did not appear in Dickey's 2024 FDD.

21. Current Franchisees identified in a franchisor's FDD must be identified in the franchisor's subsequent year's FDD as either a Current Franchisee or a Former Franchisee.

22. On November 14, 2024, the Securities Division requested that Respondent confirm the status of all franchisee outlets disclosed in its 2024 FDD and provide an explanation why 80 Current Franchisees identified in Dickey's 2023 FDD were not listed anywhere in Dickey's 2024 FDD.

23. In response to the Securities Division's November 14, 2024 request for information, Respondent identified the status of the 80 Current Franchisees identified in Dickey's 2023 FDD that were not listed anywhere in Dickey's 2024 FDD.

24. In addition, Respondent acknowledged to the Securities Division that Respondent identified an error in the transference of data to the list of Current Franchisees disclosed in

Dickey's 2024 FDD.

E. Respondent's Representations and Acknowledgements

25. Respondent acknowledges the following issue with the contact information for both Current Franchisees and Former Franchisees in Dickey's 2023 FDD and Dickey's 2024 FDD:

(A) That 56 of Respondent's Current Franchisees were omitted entirely from disclosure in Dickey's 2024 FDD; and

(B) That 21 of Respondent's Former Franchisees were listed in error as both Former Franchisees and Current Franchisees in Dickey's 2023 FDD;

26. Respondent asserted that its failure to include complete, accurate contact information for both Current and Former Franchisees in the 2024 FDD was inadvertent.

27. Respondent represents that it has undertaken a thorough review of the disclosure of both Current Franchisees and Former franchisees in FDDs Respondent has filed with the Securities Division between 2017 and 2024 and has implemented new procedures for accurately identifying complete contact information, including telephone numbers, for both Current Franchisees and Former Franchisees as required under applicable laws.

28. Respondent acknowledges that it did not enter into any franchise agreements with any Maryland residents who received either Dickey's 2023 FDD or Dickey's 2024 FDD.

IV. CONCLUSIONS OF LAW

29. The Securities Commissioner has concluded that Respondent violated sections 14-216, 14-230, and 14-231(a) of the Maryland Franchise Law.

IV. ORDER AND CONSENT

30. THE SECURITIES COMMISSIONER HEREBY ORDERS AND

RESPONDENT HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Respondent shall permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Respondent shall pay the Office of the Attorney General the sum of Forty Thousand Dollars (\$40,000) as a civil monetary penalty to the State of Maryland, Office of the Attorney General. Payment shall be made by electronic funds transfer, for which written payment processing instructions will be provided by the State of Maryland, Office of the Attorney General in the following installments:
 - i. \$15,000 shall be paid upon the signing of this Consent Order;
 - ii. \$15,000 shall be due within 90 days upon entry of this Consent Order; and
 - iii. \$10,000 shall be due within 180 days upon entry of this Consent Order;
- C. If Respondent fails to make timely payments to the Office of the Attorney General as required under this Consent Order, and payments are delinquent for more than sixty (60) days, the Office of the Attorney General may refer collection of the monies due under this Consent Order to the Central Collections Unit ("CCU") of the State of Maryland. If a referral is made, any fee assessed by CCU shall be in addition to, and not offset, the balance of the civil monetary penalty owed to the Division.
- D. Respondent shall not claim, assert or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for the civil monetary penalty that Respondent shall pay pursuant to this Consent Order.
- E. Respondents acknowledge that this Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

V. JURISDICTION RETAINED

31. Jurisdiction shall be retained by the Securities Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

32. If Respondent fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against Respondent to enforce this Consent Order or to sanction it for violating an order of the Securities Commissioner and may take any other action authorized under the Maryland Franchise Law or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or a court finds that Respondent violated this Consent Order, the Statement of Facts and the violations of the Maryland Franchise Law alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against Respondent.

VII. MODIFICATION OF CONSENT ORDER

33. The terms of this Consent Order may be modified only by a subsequent order issued by the Securities Commissioner.

DATE OF THIS ORDER:

July 24, 2025

BY CONSENT:

DICKEY'S BARBECUE RESTAURANTS, INC.

By: Roland Dickey, Jr.

SO ORDERED:

**Commissioner's Signature on File
w/Original documents**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER