

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:	*	
	*	
OneClick Cleaners, Inc.,	*	Case No. 2014-0423
Respondent,	*	

* * * * * * * * * * * *

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an inquiry into the franchise-related activities of OneClick Cleaners, Inc. (“OneClick”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG §14-201 et seq. (2010 Repl. Vol. and Supp. 2014) (the “Maryland Franchise Law”); and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Securities Commissioner”) has concluded that grounds exist to allege that OneClick violated the registration and disclosure provisions of the Maryland Franchise Law in relation to offers and sales of OneClick franchises in Maryland; 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 OneClick admitting or denying any violation of law, the Securities Commissioner and OneClick have reached an agreement to enter into this Consent Order;

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECREED:

I. JURISDICTION

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

II. STATEMENT OF FACTS

A. Background

2. OneClick is a New York corporation with a principal business address of 1585 McDonald Avenue, Brooklyn, New York 11230.

3. OneClick offers franchises for a dry cleaning business offering online service.

4. OneClick has offered franchises since 2011. As of December 31, 2013, OneClick had 16 franchises operating in 11 states.

5. On October 8, 2014, OneClick filed an initial registration application with the Securities Division to offer and sell OneClick franchises under the Maryland Franchise Law.

6. With that initial registration application, OneClick's franchise counsel included a copy of a document counsel stated was a rescission offer related to a 2012 unregistered franchise sale.

7. That rescission offer was in the form of a letter dated April 2, 2014 from the franchisor to a OneClick franchisee with a Clinton, Maryland address ("Maryland Franchisee"). The first page of the letter states the rescission offer was being made because, due to an oversight on the franchisor's part, it was not registered with the "Virginia State Corporation Commission."

8. OneClick included a response to its April 2, 2014 letter from the Maryland Franchisee rejecting the rescission offer and opting to remain as a OneClick franchisee under the terms of her original franchise agreement.

9. On November 12, 2012, the Securities Division wrote a letter to counsel for OneClick

requesting additional information about the alleged unregistered offer and sale of a OneClick franchise, as well as additional information about the initial rescission offer that OneClick previously made to the Maryland Franchisee.

10. On December 10, 2014, Counsel for OneClick provided additional information in response to the Securities Division's inquiry.

11. Specifically, OneClick represents that on March 28, 2012, it entered into a franchise agreement with the Maryland Franchisee, granting her the right to operate a OneClick franchise within a territory comprising parts of Maryland and the District of Columbia.

12. The OneClick franchise agreement that the Maryland Franchisee signed did not include any state-specific addenda and otherwise did not conform to the requirements under the Maryland Franchise Law.

13. OneClick further represents that, on or about February 28, 2012, it had provided the Maryland Franchisee with a copy of a Franchise Disclosure Document ("FDD") regarding the OneClick franchise offering.

14. OneClick acknowledges that the FDD it gave to the Maryland Franchisee in 2012 was not registered with the Securities Division and did not contain all disclosures required under the Maryland Franchise Law or the Federal Trade Commission Franchise Rule.

15. At the time OneClick made its initial rescission offer to the Maryland Franchisee in April 2014, OneClick was not registered to offer or sell franchises under the Maryland Franchise Law.

16. OneClick's initial rescission to the Maryland Franchisee made in April 2014 did not include a copy of a OneClick FDD.

17. OneClick represents that its prior legal counsel was not a franchise attorney. OneClick no longer employs the same legal counsel who represented it in 2012.

18. OneClick represents that it has currently implemented new procedures to ensure that, in the future, it complies with the registration and disclosure provisions of the Maryland Franchise Law.

19. OneClick further represents that, other than franchise offers and sales it made to the Maryland Franchisee, OneClick did not offer or sell any franchises in Maryland or to any Maryland residents.

III. CONCLUSIONS OF LAW

20. By engaging in the above activities, the Securities Commissioner has concluded that OneClick violated §§14-214, 14-216, 14-223 and 14-228 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

21. THE SECURITIES COMMISSIONER HEREBY ORDERS, AND ONECLICK REPRESENTS AND CONSENTS THAT:

- A. OneClick shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Within five (5) days of its receipt of the fully executed Consent Order of the Securities Commissioner, OneClick shall send the Maryland Franchisee a copy of the signed Consent Order along with a cover letter stating that it OneClick is restating its offer to rescind the OneClick franchise that the Maryland Franchisee purchased under the terms stated in the attached Offer to Rescind Franchise Agreement;
- C. OneClick shall diligently pursue the completion of its initial application to register its franchise offering in Maryland. For purposes of this Consent Order, “diligently pursue” means that the applicant or its representative submits a substantive response to a Securities Division comment letter regarding a registration application no later than 30 days after the applicant’s receipt of the comment letter;
- D. Upon notification by the Securities Division that OneClick’s initial application has

been effectively registered for use in Maryland, OneClick shall send to the Maryland Franchisee the following: (i) a copy of the applicable, effectively registered Maryland FDD; and (ii) a letter, in substantially the form Offer to Rescind Franchise Agreement attached to this letter as Exhibit 1, notifying the Maryland Franchisee that, now that OneClick is effectively registered to sell franchises in Maryland, the Maryland Franchisee is being given a second opportunity to rescind her OneClick franchise agreement under the terms stated in that letter;

- E. If OneClick has not obtained an effective registration of the OneClick franchise offering in Maryland by June 30, 2015, OneClick shall, at that time, advise the Maryland Franchisee that, because OneClick is not yet registered under the Maryland Franchise Law, she is being given another opportunity to rescind her One Click franchise agreement under the terms stated in the Offer to Rescind Franchise Agreement but without including a copy of an effectively registered Maryland FDD;
- G. Respondents agree that if the Maryland Franchisee accepts OneClick's offer to rescind her franchise under this Consent Order, OneClick will complete any payments to the Maryland Franchisee within thirty (30) days of OneClick's receipt of the Maryland Franchisee's Acceptance of the Offer to Rescind Franchise Agreement;
- H. Respondents shall pay the Office of the Attorney General of Maryland a civil monetary penalty of \$1,000.00;
- I. OneClick's offer of a franchise to the Maryland Franchisee in the form of Offers to Rescind Franchise Agreement as described in this Consent Order is exempt from the registration provisions of the Maryland Franchise Law; and
- J. OneClick acknowledges that this Consent Order is a discloseable 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

- 22. 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

- 23. If OneClick fails to comply with any term of this Consent Order, the Securities

Division may bring administrative or judicial proceedings against it 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 OneClick has 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 it.

VII. MODIFICATION OF CONSENT ORDER

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

SO ORDERED:

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

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

January 23, 2015

BY CONSENT:

OneClick Cleaners, Inc.

By: Joseph A. Dweck, President and Director

FORM
(On Company Letterhead)

Certified Mail
Return Receipt Requested

Re: **[Company] Offer to Rescind Franchise Agreement**

Dear _____:

In accordance with discussions our attorneys have had with the Securities Division of the Maryland Attorney General's Office (the "Securities Division"), [Insert name of Company] ("we") have agreed to offer rescission to any Maryland residents to whom we sold franchises in violation of the registration provisions of the Maryland Franchise Law. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your franchise, we agree to return to you all initial franchise fees you paid us less the cost for any unreturned items and equipment included in the purchase price you paid for the franchise. If you purchased any optional items as part of your franchise, we will reimburse you for the cost you paid us for any of the items that you return. In turn, you will give up your franchise agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information. We will make payments to you within thirty (30) days after we receive your Acceptance of Offer to Rescind your Franchise Agreement.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

THE COMPANY

BY:

Enclosure: Maryland-registered FDD

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind Franchise Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my franchise agreement:

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

_____ I do **not accept** your offer of rescission. I wish to remain a franchisee under my franchise agreement.

Date: _____

Franchisee