

BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

Sign Gypsies, LLC,

Respondent.

Case No. 2021-0061

* * * * *

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 Sign Gypsies, LLC (Sign Gypsies”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. §§14-201 et seq. (2015 Repl. Vol.) (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 Sign Gypsies violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of franchises in the form of License Agreements (Sign Gypsies License Agreements”); 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 Sign Gypsies admitting or denying any violation of law, the Securities Commissioner and Sign Gypsies have reached an agreement to enter into this Consent Order; and

WHEREAS, Sign Gypsies waives its rights 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 pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

2. Sign Gypsies is a Texas limited liability company with a principal business address of 4295 Country Road 86, Celina, Texas 75009.

3. Between 2016 and 2019, Sign Gypsies entered into license agreements with licensees to operate a business that provided custom yard greeting services using the name Sign Gypsies.

4. As of December 31, 2019, Sign Gypsies had a total of 449 licensees around the U.S.

5. On September 15, 2020, an affiliate of Sign Gypsies, Sign Gypsies Franchising, LLC (“Sign Gypsies Franchise”), filed an initial application to register the Sign Gypsies franchise offering under the Maryland Franchise Law.

6. On November 12, 2020, the Securities Division reviewed the Sign Gypsies Franchise registration application and requested an undertaking that neither the franchisor nor its affiliates offered nor sold franchises in Maryland during the time any such entity was not

registered to offer franchises under the Maryland Franchise Law.

7. In response to the Securities Division's request for an undertaking, counsel for Sign Gypsies Franchise acknowledged to the Securities Division, among other things, that its affiliate, Sign Gypsies, entered into four license agreements in Maryland that may be construed to be either a franchise or business opportunity.

8. Specifically, Sign Gypsies Franchise acknowledged to the Securities Division that Sign Gypsies entered into four (4) license agreements in Maryland with residents ("collectively, "Maryland Licensees") of the following Maryland locations: (1) Fallston, Maryland; (2) Bethesda, Maryland; (3) Waldorf, Maryland; and (4) Coloma, Maryland.

9. Counsel for Sign Gypsies Franchise also acknowledged that Sign Gypsies was willing to cooperate with the Securities Division to remedy any alleged violations of Maryland Law.

10. Each license agreement that Sign Gypsies entered into with the Maryland Licensees required the licensee to pay an annual affiliate fee of between \$350 to \$500 per year. Maryland Licensees also were required to purchase from Sign Gypsies a startup product packages that included yard signs to use in displays for customers.

11. Each Sign Gypsies license agreement with the Maryland Licensees was for a one year term and granted the licensees an exclusive territory.

12. Each Sign Gypsies license agreement required the Maryland Licensees to use the Sign Gypsies name and tradenames in the operation of their business.

13. Under their Sign Gypsies' license agreements, Maryland Licensees received training and guidance on marketing and the use of social media.

14. Sign Gypsies has never registered with the Securities Division to offer franchises under the Maryland Franchise Law.

15. Sign Gypsies acknowledges that it did not provide a Franchise Disclosure Document (“FDD”) to any of the Maryland Licensees prior to their execution of their Sign Gypsies license agreements.

16. Sign Gypsies represents that, other than its license agreements with the Maryland Licensees, Sign Gypsies has not entered into any franchise agreements, license agreements, or similar agreements with any Maryland residents or with any other residents granting them the right to operate a Sign Gypsies business to be located in whole or in part in Maryland.

17. Sign Gypsies represents that it or its affiliate has engaged an attorney experienced with franchise law to ensure that, in the future, Sign Gypsies will comply with the requirements under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

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

IV. ORDER AND CONSENT

19. THE SECURITIES COMMISSIONER HEREBY ORDERS AND SIGN GYPSIES HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Sign Gypsies shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, Sign Gypsies shall send by Federal Express to the

Maryland Licensees the following: (i) a copy of this executed Consent Order; and (ii) a letter, in substantially the form attached to this Consent Order as Exhibit 1, informing the Maryland Licensees that they are being offered an opportunity to rescind their respective License Agreements with Sign Gypsies under the terms of this Consent Order;

- C. The Securities Commissioner has determined that Sign Gypsies' offer to rescind its license agreements with the Maryland Licensees for the limited purposes described in this Consent Order is exempt from the registration provisions of the Maryland Franchise Law;
- D. Sign Gypsies acknowledges 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

20. Jurisdiction shall be retained by the 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

21. If Sign Gypsies 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 Sign Gypsies 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

22. 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 Documents**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

August 19, 2021

BY CONSENT:

Sign Gypsies, LLC

By:
It:

FORM
(On Company Letterhead)

Via Federal Express

Re: Notice of Rescission Offer

Dear _____:

In accordance with discussions our attorneys have had with the Division of Securities of the Maryland Attorney General's Office (the "Securities Division"), Sign Gypsies, LLC ("we") have agreed to offer rescission to you of your License Agreement. 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 your Sign Gypsies License Agreement, we agree to return to you the license fee you paid us under that License Agreement. We also agree to refund you the price you paid us or our affiliates for any Sign Gypsies' branded products that you purchased from us that are in resaleable condition that you return to us, at our expense. You will give up any rights to use our trademarks, and you may not use or disclose any of our trade secrets and any of our confidential and proprietary information. If you rescind, we will refund your license fee within thirty (30) days after we receive your Acceptance of Offer to Rescind, and we will arrange for you to return products, if any, that are in resaleable condition, for which we will refund you after we receive them.

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.

Regardless of whether you rescind your Sign Gypsies License Agreement, you will be given an opportunity to purchase a Sign Gypsies franchise from our affiliate once it has completed the registration of that franchise offering with the Maryland Securities Division. You are under no obligation, however, to enter into a franchise agreement with our affiliate or to terminate your License Agreement with us, if it is still in effect.

If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

Enclosure: Consent Order

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND LICENSE AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Rescission Rights 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.

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks and to not use or disclose to anyone the trade secrets and confidential and proprietary information that we obtained from you. Please contact me to arrange for the return of fees and my refund of products.

_____ **I do not wish to accept your offer of rescission at this time.** I wish to remain a licensee under my License Agreement.

Date: _____

Licensee