

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

Tax Hubb, Inc., and

Tax Hub Solutions, LLC,

Respondents.

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Case No. 2021-0235

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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 Tax Hubb, Inc., and Tax Hub Solutions, LLC (collectively “Respondents”) 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 Respondents violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of a franchise to a Maryland resident; 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 Respondents admitting or denying any violation of law, the Securities Commissioner and Respondents have reached an agreement to enter into this Consent Order; and

WHEREAS, Respondents waive their respective 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

A. *Respondents*

2. Tax Hubb, Inc. is a Maryland corporation with a principal business address of
Waldorf, MD 20603.

3. Tax Hub Solutions, LLC is a Maryland limited liability company with a principal
business address of Waldorf, MD 20603.

4. Tax Hubb Inc. and Tax Hub Solutions (hereafter “Tax Hub”) both do or have
done business as Tax Hub and/or Tax Hubb.

5. Tax Hub has offered franchise opportunities for tax preparation businesses using
the Tax Hub or Tax Hubb tradename.

B. *Offers and Sale of Franchises*

6. In or around July 2019, a resident of Bel Air Maryland (“Maryland Buyer”) was
referred to Tax Hub by a friend.

7. The Maryland Buyer was interested in using the proceeds from the sale of a home to start her own tax preparation business.

8. On July 18, 2019, Tax Hub emailed the Maryland Buyer and discussed the potential for selling her a franchise to operate a Tax Hub tax preparation business.

9. On August 28, 2019, Tax Hub emailed other potential franchisees including Maryland residents, discussing the opportunity of owning a Tax Hub franchise and representing that Tax Hub had available location across Maryland and the District of Columbia.

10. On November 6, 2019, the Maryland Buyer paid \$20,000 to Tax Hub Solutions, LLC as payment for starting her Tax Hub franchise.

11. The Maryland Buyer never opened a Tax Hub franchise.

12. Tax Hub never registered with the Securities Division to offer franchises under the Maryland Franchise Law.

13. Tax Hub did not provide a franchise disclosure document or franchise agreement to the Maryland Buyer.

14. In May 2020, the Maryland Buyer filed a civil complaint (“Civil Complaint”) in the District Court for Prince George’s County Maryland against Tax Hub and others alleging that the defendants violated, among other things, the Maryland Franchise Law.

15. In December 2021, the Securities Division received a complaint from the Maryland Buyer alleging that she paid \$20,000 to Tax Hub for a franchise but did not receive pre-opening support to open her Tax Hub franchise.

16. The Maryland Buyer and Tax Hub agreed to a stay of the Civil Complaint.

C. Representations by Respondents

17. Tax Hub represents that, other than the payment received from the Maryland Buyer, Tax Hub has not accepted payment from any other persons related to a grant of rights to operate a tax preparation business using the name Tax Hub.

18. Tax Hub represents that it has not entered into any franchise agreements, license agreements or consulting agreements with any persons related to the operation of a tax preparation business using the name Tax Hub.

19. Tax Hub represents that it developed plans for offering Tax Hub franchises without the benefit of legal counsel and that its principals were unaware of the legal requirements for offering a franchise in Maryland, including registration and delivery of a franchise disclosure document.

20. Tax Hub represents and agrees that, in the future, it will comply with all provisions under the Maryland Franchise Law and that it will not accept from any persons any fees, whether franchise fees, license fees, consulting fees or similar fees, for the right to operate a tax preparation service under trademarks or tradenames owned by Tax Hub.

III. CONCLUSIONS OF LAW

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

IV. ORDER AND CONSENT

22. THE SECURITIES COMMISSIONER HEREBY ORDERS AND RESPONDENTS HEREBY CONSENT AND REPRESENT AS FOLLOWS:

A. Respondents 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, Respondents shall send by Federal Express to the Maryland Buyer a copy of the executed Consent Order.
- C. Prior to the date of this Consent Order, Respondents have remitted to the Maryland Buyer a cashier's check for \$20,000 representing a full refund of the fee the Maryland Buyer paid to Tax Hub, with no conditions or demands for a release of liability.
- D. Prior to the date of this Consent Order, Respondents remitted to the Office of Attorney General, as a monetary penalty, the sum of One Thousand Dollars \$1,000.00;
- 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

23. 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

24. If Respondents fail to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against them to enforce this Consent Order or to sanction them 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 Respondents 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 them.

VII. MODIFICATION OF CONSENT ORDER

25. 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:

September 2, 2022

BY CONSENT:

Tax Hub, Inc.

By:

Tax Hubb Solutions, LLC

By: