

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

In the Matter of:

*

Jimmy John's Franchisor SPV LLC,

*

Case No. 2025-0122

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 Jimmy John's Franchisor SPV, LLC ("Jimmy John's") 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, as a result of that investigation, the Maryland Securities Commissioner (the "Securities Commissioner") found grounds to allege that Jimmy John's violated the disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of franchises in Maryland; and

WHEREAS, the Securities Commissioner further found grounds to allege that Jimmy John's omitted material facts in a franchise registration application 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 Jimmy John's admitting or denying any violation of law, the Securities Commissioner and Jimmy John's have reached an agreement to enter into this Consent Order; and

WHEREAS, Jimmy John's 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 and over Respondents pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

A. Respondent

2. Jimmy John's is a Delaware corporation with a principal business address of Three Glenlake Parkway NE, Atlanta, Georgia 30328.

3. Jimmy John's offers and sells franchises for restaurants that sell sandwiches, fresh baked breads, and other food and beverages.

4. Jimmy John's has offered franchises since 2017. Prior to 2017, Jimmy John's predecessor, Jimmy John's Franchise, LLC, offered Jimmy John's franchises since 1993.

5. For most periods since 1993, in order to offer and sell franchises under the Maryland Franchise Law, Jimmy John's or its predecessor filed with the Securities Division franchise registration or exemption applications

B. Jimmy John's 2022 Franchise Disclosure Document

6. On March 28, 2022, Jimmy John's filed with the Securities Division an

application in the form of a notice of exemption from registration under the seasoned franchisor exemption under COMAR 02.02.08.10D.

7. As part of its exemption application filed with the Securities Division, Jimmy John's filed a copy of the Jimmy John's Franchise Disclosure Document with an issuance date of March 25, 2022 (the "2022 FDD").

8. On March 30, 2022, the Securities Division notified Jimmy John's that its notice of exemption was deemed filed on that date and would be effective until March 30, 2023.

C. The Franchise Prospectus, now called an "FDD"

9. Under section 14-216 of the Maryland Franchise Law and COMAR 02.02.08.04, franchisors must prepare a franchise "prospectus."

10. Under section 14-223 of the Maryland Franchise Law and COMAR 02.02.08.10H, franchisors must provide a copy of that prospectus to a prospective franchisee at the earlier of: (a) 14 calendar days before the execution by the prospective franchisee of any binding agreement with the franchisor; (b) 14 calendar days before payment of any consideration that relates to the franchise relationship; or (c) a reasonable request by a prospective franchisee to receive a copy of the offering prospectus.

11. Under section 14-214 (d) of the Maryland Franchise Law and COMAR 02.02.08.10 franchisors who are exempt from the registration requirements of the Maryland Franchise Law as a "seasoned franchisor" must file with the Securities Division a copy of the franchise prospectus as part of the franchisor's Notice of Exemption.

12. Since July 1, 2008, the form of prospectus the Securities Commissioner has required under the Maryland Franchise Law is called a Franchise Disclosure Document or simply "FDD."

13. The contents of the FDD required to be filed with the Securities Division must be prepared under the 2008 Franchise Registration and Disclosure Guidelines of the North American Securities Administrators Association, Inc. (“NASAA Guidelines”) which amended and restated earlier NASAA Guidelines from 1993.

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

14. Both the Federal Trade Commission (“FTC”) Franchise Rule and NASAA Guidelines require that a franchisor must disclose in Item 20 of its FDD “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 during the [franchisor’s] most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the [FDD] issuance date.”¹

15. 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.”² 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 and former franchisees in Item 20 because the prospective franchisee can contact those franchisees to ask about their

¹FTC Franchise Rule, 16 CFR Part 436 (t)(5); NASAA Guidelines, <https://www.nasaa.org/wp-content/uploads/2011/08/6-2008UFOC.pdf> at p. 65. (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.)

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

experiences.

E. Jimmy John's 2022 FDD Omitted Phone Numbers for Most Former Franchisees

16. In August 2024, the Securities Division received a complaint from a Jimmy John's franchisee ("Maryland Complainant") about alleged misrepresentations made to him prior to his purchase of a Jimmy John's development rights agreement. In February 2025, the Maryland Complainant alleged that, among other issues he has with the franchisor, that the 2022 FDD he received from Jimmy John's did not include complete contact information for former Jimmy John's franchisees as required under the Maryland Franchise Law and FTC Franchise Rule.

17. In the 2022 FDD for Jimmy John's, Jimmy Johns lists 65 Jimmy John's franchisees who had outlets cease to operate under their franchise agreements and 44 former franchisees who transferred their outlets to new owners (collectively "Former Franchisees"). Although Jimmy John's lists the name of those Former Franchisees and their cities and states, Jimmy John's neglects to include telephone numbers for all but 8 of those 109 Former Franchisees.

18. On February 27, 2025, a Securities Division attorney contacted counsel for Jimmy John's to request an explanation for the alleged omission of telephone numbers for most Former Franchisees as well as an error in the heading of the list of Former Franchisees, which indicates it covers the time period 2019-2021 rather than 2021-2022.

F. Jimmy John's Representations and Acknowledgements

19. Counsel for Jimmy John's responded to the Securities Division and acknowledged that Jimmy John's had made an error in identifying the time period in the heading for the list of Former Franchisees, although Counsel represented that the time period was correct in Item 20 of

Jimmy John's 2022 FDD. In addition, counsel for Jimmy John's further acknowledged that Jimmy John's had omitted telephone numbers for most Former Franchisees in the 2022 FDD.

20. Counsel for Jimmy John's asserted that the franchisor's omission of the telephone numbers for Former Franchisees was inadvertent and not material, and that the franchisor regrets the error. The franchisor noted that, to its knowledge, no current or prospective franchisee in Maryland or any other state identified to Jimmy John's the missing information or asked the franchisor for additional contact information for Former Franchisees during the period when the 2022 FDD was in effect. Counsel for Jimmy John's further noted that Jimmy John's FDDs issued in the years before and after the 2022 FDD do include complete contact information, including telephone numbers, for Former Franchisees.

21. Jimmy John's acknowledges that the franchisor entered into nine (9) franchise agreements with three (3) Maryland Franchisees who received the 2022 FDD with the missing contact information for Former Franchisees.

22. Jimmy John's represents that as a result of this inquiry, the franchisor has implemented new procedures for disclosing complete contact information for Former Franchisees as required under applicable laws.

IV. SECURITIES COMMISSIONER'S CONCLUSIONS OF LAW

23. By engaging in the above activities, the Securities Commissioner has concluded that Jimmy John's violated sections 14-223 and 14-230 of the Maryland Franchise Law.

V. ORDER AND CONSENT

24. THE SECURITIES COMMISSIONER HEREBY ORDERS AND JIMMY

JOHN'S HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Jimmy John's shall permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Jimmy John's shall pay the Office of the Attorney General the sum of Thirty Thousand Dollars (\$30,000) as a civil monetary penalty; and
- C. 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.

VI. JURISDICTION RETAINED

25. 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.

VII. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

26. If any Respondent fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against that 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 any 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 that Respondent.

VII. MODIFICATION OF CONSENT ORDER

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

DATE OF THIS ORDER:

June 9, 2025

BY CONSENT:

JIMMY JOHN'S FRANCHISOR SPV, LLC

By:

SO ORDERED:

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

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER