

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 1, 2010

CLERK'S OFFICE

COMMONWEALTH OF VIRGINIA, *ex rel.*

2010 JUN -1 P 4: 28

STATE CORPORATION COMMISSION

RECEIVED

v.

CASE NO. SEC-2010-00033

DOUGLAS AQUATICS, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Douglas Aquatics, Inc. ("Defendant"): (i) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia, by selling or offering to sell franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; (ii) violated § 13.1-563 (2) of the Act by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise; (iii) violated § 13.1-563 (4) (ii) by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the State Corporation Commission ("Commission"); and (iv) violated Retail Franchising Rule 21 VAC 5-110-95 by failing to follow the requirements for Franchise Disclosure Document preparation.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant admits to the violation of § 13.1-560 of the Act, neither admits nor denies the remaining allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Nine Thousand Dollars (\$9,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of Eight Thousand Three Hundred dollars (\$8,300) to defray the costs of investigation.

(3) The Defendant will provide a copy of this Order to every current and former franchisee.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement;

(3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
T.G. Crouch, President, Douglas Aquatics, Inc., 1900 East Belt Boulevard, Richmond, Virginia 23224; Christopher Malone, Esquire, ThompsonMcMullan, Attorneys at Law, 100 Shockoe Slip, Richmond, Virginia 23219-4140; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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CASE NO., SEC-2010-00033

DOUGLAS AQUATICS, INC.,

Defendant

ADMISSION AND CONSENT

The Defendant, Douglas Aquatics, Inc., admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, admitting the allegation of § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 et seq. of the Code of Virginia but neither admitting nor denying the remaining allegations of the Act made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order.

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Douglas Aquatics, Inc.

Date: 5/19/10

By: T.G. Crouch  
T.G. Crouch, President

Seen and Approved By:

Christopher Malone  
Christopher Malone, Esquire  
ThompsonMcMullan, Attorneys at Law