

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 23, 2023

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2023-00027

TEDDY BEAR MOBILE, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Teddy Bear Mobile, Inc. ("TBM" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

TBM is a Delaware corporation formed in 2019. TBM offers mobile teddy bear stuffing services, and franchisees travel to various localities and children's functions. TBM has never registered its franchise in Virginia.

Based on its investigation, the Division alleges that, on or about March 19, 2019, TBM offered and sold an unregistered franchise in Virginia to a purchaser ("Virginia Franchisee") to be operated in Virginia in violation of § 13.1-560 of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) of the Act by failing to provide the Virginia Franchisee with a copy of the franchise agreement, and the Commission's required disclosure document in connection with the offer and sale of the Virginia franchise.

If the provisions of the Act or Code are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 civil penalties

and to request that a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

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

1. The Defendant will make an offer of rescission ("Rescission Offer") within thirty (30) days of the entry of this Order to the Virginia Franchisee as follows:
 - a. The Defendant will send the Rescission Offer, by certified mail, to the Virginia Franchisee. The Rescission Offer will include an offer to return the initial franchise fee, as defined by § 13.1-559 of the Act, paid by the Virginia Franchisee. The Rescission Offer must contain a provision that allows the Virginia Franchisee thirty (30) days from the date of receipt to provide the Defendant with written notification of the Virginia Franchisee's decision to accept or reject the Rescission Offer.
 - b. The Rescission Offer will contain a statement that notifies the Virginia Franchisee that if the Virginia Franchisee rejects the Rescission Offer and remains a franchisee of the Defendant, any additional franchise location(s) the Virginia Franchisee wishes to open with TBM may only be done if TBM is registered with the Division at the time of the offer or sale of franchises in Virginia.
 - c. The Defendant will provide the Division with a copy of the Rescission Offer, for review and comment, at least ten (10) days prior to sending it to the Virginia Franchisee.
 - d. The Defendant will include a copy of this Order with the Rescission Offer sent to the Virginia Franchisee.
 - e. If the Virginia Franchisee accepts the Rescission Offer, the Defendant will make payment of the initial franchise fee to the Virginia Franchisee within fifteen (15) days of receipt of the written acceptance.
 - f. Within ninety (90) days from the date of entry of this Order, the Defendant will submit to the Division an affidavit, executed by an authorized

representative of the Defendant, containing the date that the Virginia Franchisee received the Rescission Offer, the Virginia Franchisee's response, and, if applicable, the initial franchise fee amount paid and the date that payment was sent to the Virginia Franchisee.

2. The Defendant will pay to the Treasurer of Virginia the total amount of Three Thousand Dollars (\$3,000) in monetary penalty. The Defendant shall make six (6) monthly installments of Five Hundred Dollars (\$500), with the first installment to be due within thirty (30) days from the date of entry of this Order. The subsequent installments will be due on or before the last day of each month thereafter.

3. The Defendant will not violate the Act in the future.

The Division supports the Defendant's settlement offer and recommends that the Commission accept the settlement.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The settlement is accepted.
- (2) The Defendant shall fully comply with the terms of the settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms of the settlement.

Commissioner James C. Dimitri participated in this matter.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Teddy Bear Mobile, Inc., c/o Anthony J. Spinelli, President, at anthony@teddybearmobile.com, 4023 Driscoll Lane, Seaford, New York 11783; 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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Defendant

ADMISSION AND CONSENT

Teddy Bear Mobile, Inc. ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof. The Defendant, while neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("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 Order.

Date: 9/29/03

Teddy Bear Mobile, Inc.
By: *Ann Spindl*
Its: _____