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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Todd R. Severn
Fun Flicks, LLC
4932 Jenkins Lane
Baldwin, Maryland 21013

DESIST AND REFRAIN ORDER
AND
CITATION FOR PENALTIES
AND ANCILLARY RELIEF
(For violations of section 31110
of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Fun Flicks, LLC, (“Fun Flicks”) is and was a Maryland limited liability company with a principal place of business at 4932 Jenkins Lane, Baldwin, Maryland 21013. The company maintains a website at www.funflicks.com. At all relevant times, Todd R. Severn was a member and control person of Fun Flicks, LLC.
2. Since at least 2010, Fun Flicks has offered and sold franchises, pursuant to “Trademark License Agreements” (“Agreements”), to at least four California residents. The franchises are for the right to market, sell and distribute a full service movie event program, utilizing projectors and screens for movies, sound systems, and popcorn machines at indoor and outdoor parties and events, to persons and communities within a designated franchise region.
3. The “licenses” offered and sold by Fun Flicks are franchises within the meaning of California Corporations Code section 31005. The Agreements grant the “licensee” the right to engage in the business of marketing, selling and distributing Fun Flicks goods and services pursuant to a marketing plan and system substantially prescribed Fun Flicks, including a nation-wide distribution grid,

1 national promotional programming and advertising identifying the locations of franchisees, purported
2 secret and proven strategies and systems, the nature and quality of the goods, services and advertising
3 provided by the “licensee” needing to conform to the standards set by the “licensor”, education
4 manuals, training seminars, sales presentations and materials, equipment, and exclusive sales
5 territories. The “license” is substantially associated with the trademark “Fun Flicks”. In addition,
6 the “licensee” is required to pay Fun Flicks an initial franchise fee of \$4,900 to \$7,350 and monthly
7 and annual royalty fees thereafter, as well as a percentage of monthly gross sales, for the right to
8 enter into the business.

9 4. Fun Flicks’ offers and sales of franchises in California have not been registered under the
10 Franchise Investment Law and are not exempted under Chapter 1, beginning with California
11 Corporations Code section 31100, of that law.

12 Based upon the foregoing findings, Fun Flicks, LLC, and Todd R. Severn have offered and
13 sold franchises in this state that were subject to registration under the Franchise Investment Law
14 without first being registered, in violation of California Corporations Code section 31110.

15 DESIST AND REFRAIN

16 Pursuant to California Corporations Code section 31402, Fun Flicks, LLC, and Todd R.
17 Severn are hereby ordered to desist and refrain from the further offer or sale of Fun Flicks’ franchises
18 unless and until the offers have been duly registered under the Franchise Investment Law, or are
19 exempt.

20 ADMINISTRATIVE PENALTIES

21 Pursuant to section 31406 of the Corporations Code, Fun Flicks, LLC, and Todd R. Severn
22 are hereby assessed and ordered to pay administrative penalties for at least four unregistered offers
23 and sales of franchises at \$2,500 per violation, for a total of ten thousand dollars (\$10,000.00), or
24 according to proof.

25 ANCILLARY RELIEF

26 Pursuant to section 31408 of the Corporations Code, Fun Flicks, LLC, and Todd R. Severn
27 are hereby ordered to reimburse, as restitution, all current and former California franchisees (called
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1 “licensees”) their fees totaling at least \$24,500.00, plus all monthly and annual royalty payments and
2 monetary percentages of sales received, or according to proof.

3 This Order is necessary, in the public interest, for the protection of investors and consistent
4 with the purposes, policies and provisions of the Franchise Investment Law.

5 Dated: July 23, 2012

6 JAN LYNN OWEN
7 California Corporations Commissioner

8 By _____
9 ALAN S. WEINGER
10 Deputy Commissioner
11 Enforcement Division
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