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

TO: Ken M. Hollowell
LA Entertainment Works, Inc.
3630 Barham Blvd. Unit Z309
Los Angeles, CA 90068

DESIST AND REFRAIN ORDER
(For violation of section 31110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. LA Entertainment Works, Inc. (“LA Entertainment Works”) is a California corporation incorporated on December 4, 2006. According to its filing with the California Secretary of State, its address is 3630 Barham Blvd. 2309, Los Angeles, CA 90068.

2. According to the website of LA Entertainment Works, located at www.losangelesmusicawards.net, its CEO/President and Chairman of the Board is Ken M. Hollowell (“Hollowell”). According to the filing with the Secretary of State, Hollowell is also the company’s agent for service of process.

3. According to LA Entertainment Works’ website, Hollowell, as an expert in the field of franchising, has sold more than \$150 million in franchises.

1 4. Hollowell is also the founder, president, and CEO of National Franchise Services, Inc.
2 According to the website of National Franchise Services, Inc., located at www.nfsdev.com, the
3 company is a “franchise consulting, development and marketing firm.”
4

5 5. LA Entertainment Works’ website, under the link entitled “Franchise,” states that the
6 company is “offering a very unique and exciting franchise opportunity.” It states that the cost of a
7 franchise in LA Entertainment Works is no more than \$50,000, including the franchise fee of \$30,000.
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9 6. The website further describes the franchise opportunity, explaining the advertising
10 required of the franchisor and franchisee. The initial term of the franchise is 10 years, with the
11 possibility of renewal. The company promises to train the franchisee in “all aspects of owning and
12 operating a Los Angeles Music Awards.” The franchisee will benefit from the franchisor’s knowledge
13 and expertise and will receive “proprietary operations and training manuals” and “long term corporate
14 support.” The website describes the qualifications required to become a franchisee, including a
15 minimum initial investment of \$50,000.
16

17 7. The website invites the prospective franchisee to complete an application form which is
18 located under the link entitled “Confidential Franchise Application Form.” Clicking on the link leads
19 the prospective franchisee to an application located at <http://www.nfsdev.com/application/>. The
20 homepage www.nfsdev.com is the website of Hollowell’s other business, National Franchise Services,
21 Inc.
22

23 8. Neither LA Entertainment Works nor Hollowell has been registered under the
24 Franchise Investment Law, Cal. Corp. Code § 31000 et seq., to offer or sell franchises in the State of
25 California.
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27 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion
28 that Ken M. Hollowell and LA Entertainment Works, Inc. are offering franchises within the State of

1 California that are subject to registration under the Franchise Investment Law, without the offers
2 having been registered under Corporations Code Section 31110 or exempted, in violation of that
3 section. Pursuant to Section 31402 of the Corporations Code, Ken M. Hollowell and LA
4 Entertainment Works, Inc. are hereby ordered to desist and refrain from the further offer or sale of
5 franchises in the State of California unless and until the offers have been duly registered under the
6 Franchise Investment Law or unless exempt.

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8 This Order is necessary, in the public interest, for the protection of franchisees and consistent
9 with the purposes, policies, and provisions of the Franchise Investment Law.

10
11 Dated: March 20, 2008
12 Los Angeles, California

13 PRESTON DuFAUCHARD
14 California Corporations Commissioner

15 By: _____
16 ALAN S. WEINGER
17 Lead Corporations Counsel
18 Enforcement Division
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