

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 SHARON A. LUERAS, SBN139801
Lead Corporations Counsel
4 ERIK BRUNKAL, SBN 166086
Senior Corporations Counsel
5 California Department of Corporations
1515 K Street, Suite 200
6 Sacramento, CA 95814
7 Telephone: 916-322-8782

8 Attorneys for the Department of Corporations
Of the State of California

10 STATE OF CALIFORNIA

11 BUSINESS, TRANSPORTATION AND HOUSING AGENCY

12 DEPARTMENT OF CORPORATIONS

13 In the Matter of the Department of)
14 Corporations of the State of California,)
15 Complainant,)
16 vs.)
17 LVM Franchising, Inc.,)
18 and)
19 Gregory Steven Harline,)
20 Respondents.)
21)
22)

**CONSENT ORDER AND RESOLUTION
OF CLAIMS**

23 The parties in the above-entitled proceeding hereby stipulate and agree to the entry of the
24 following Consent Order and Resolution of Claims (“Consent Order”) as resolution of the violations
25 alleged by the State of California, Business, Transportation and Housing Agency, Department of
26 Corporations (“State of California”) pursuant to a Desist and Refrain Order issued against LVM
27 Franchising, Inc. and Gregory Steven Harline on April 19, 2007.
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1 **A. Parties**

2 1. Preston DuFauchard is the Commissioner of the California Department of
3 Corporations (the Department). Mr. DuFauchard brought this action on behalf of the State of
4 California in his official capacity. The Department is represented by Sharon Lueras, Lead
5 Corporations Counsel, and Erik Brunkal, Senior Corporations Counsel.
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7 2. LVM Franchising, Inc., (LVM) is a Colorado Corporation, incorporated on July 26,
8 2005, with an address for service of 7037 Cheyenne Place, Larkspur, Colorado, 80118. Mr. Gregory
9 Steven Harline (Harline), a natural person, is the principle control person of LVM and resident of
10 Colorado. LVM has offered and sold franchises, allowing franchisees to produce advertising
11 circulars called “Local Value Magazine.” LVM is not registered to offer or sell franchises in
12 California.
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14 **B. Prior Order**

15 1. On April 19, 2007, the Department issued a Citation and Desist and Refrain Order
16 against LVM and Harline.
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18 2. The Citation and Desist and Refrain Order contained initial findings that LVM and
19 Harline offered and sold an unregistered franchise in the State of California, in violation of California
20 Corporations Code §31110. Said franchise was offered and sold to Jameson Walker, a natural person
21 and resident of California, and J&B Publications, LLC (“Walker”).
22

23 3. The Citation and Desist and Refrain Order required LVM and Harline to desist and
24 refrain from the further offer and sale of franchises in California, to pay an administrative penalty of
25 two thousand five hundred dollars (\$2,500) and ancillary relief totaling sixty thousand sixty seven
26 dollars and eighty five cents (\$60, 067.85) in rescission and restitution.
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C. Consent Order

After the Department’s further review of statements and evidence from LVM, Harline, and Walker, and to achieve ultimate fairness, the parties to this administrative action agree to resolve this matter via Consent Order:

ORDER

1. The Commissioner of the Department hereby orders Gregory Steven Harline and LVM Franchising, Inc. to **desist and refrain** from the further offer or sale of any and all franchises in the state of California, including but not limited to franchises in Local Value Magazine, unless and until the offers of sale have been duly registered under the Franchise Investment Law, or are exempt.

ADMINISTRATIVE PENALTY

2. The Commissioner of the Department hereby orders LVM Franchising, Inc., to **pay** administrative penalty of two thousand five hundred dollars (**\$2,500**).

ANCILLIARY RELIEF

3. The Commissioner of the Department hereby orders LVM Franchising, Inc. to **pay** twenty two thousand five hundred (**\$22,500**), in total, for rescission and restitution remedies provided for, by, and in the California Franchise Investment Law (Cal. Corp. Code sec. 31408) on behalf of Walker.

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D. Effective Date

This Consent Order between the Department, LVM Franchising, Inc., and Gregory Steven Harline is deemed effective August 29, 2007.

PRESTON DuFAUCHARD
California Corporations Commissioner

By: /s/ 9/7/07
ERIK BRUNKAL
Senior Corporations Counsel
Enforcement Division

Entered and Agreed By:

LVM Franchising, Inc.	Gregory Steven Harline
By: <u>/s/</u>	<u>/s/</u>
Its: <u>President</u>	Date: <u>8/29/07</u>
Date: <u>8/29/07</u>	