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

TO: LVM Franchising, Inc. dba Local Value Magazine
Gregory Steven Harline
7937 Cheyenne Place
Larkspur, CO

CITATION
&
DESIST AND REFRAIN ORDER
(For violations of section 31110 et seq. of the Corporations Code)

The California Corporations Commissioner (Commissioner) finds that:

1. LVM Franchising, Inc., ("LVM") is a Colorado Ohio Corporation, incorporated on July 26, 2005. Its address for service is 7037 Cheyenne Place, Larkspur, Colorado, 80118.

2. Mr. Gregory Steven Harline ("Harline") is the principal control person of LVM. He is a natural person and resident of Colorado. LVM offers and sells franchises allowing franchisees to produce an advertising circular called "Local Value Magazine," a publication containing nothing more than advertising with no articles or other content, whatsoever.

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1 3. LVM is not registered to offer or sell franchises in California.

2 4. The Commissioner is informed and believes that the franchisor, Harline and LVM, are
3 offering and selling unregistered franchises in the State of California. As recently as March 19, 2007,
4 Harline and LVM were actively offering franchises for sale in the State of California through a series
5 of franchise-selling websites including www.franchisedirect.com. Harline and LVM are not turning
6 away interested potential franchisees and actually sold at least one franchise to a resident of
7 California: James Walker.
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9 5. In November, 2006, Mr. Walker was sold the Coachella Valley area for a franchise fee
10 of \$37,500 and Mr. Walker paid \$2,560 in royalty fees. Mr. Walker produced two (2) Local Value
11 Magazines in his given territory, making no money at all. In total, Mr. Walker paid LVM
12 Franchising and Mr. Harline \$60,067.85.
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14 6. Mr. Walker was never provided with a Uniform Franchise Offering Circular for LVM
15 Franchising, Inc. or Local Value Magazine. Mr. Walker was never given a written franchise
16 agreement, contract, or memorandum of understanding.
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18 7. At the time of his purchase, Mr. Walker was the only franchisee in California,
19 however, according to the Local Value Magazine website, as of April 19, 2007, Harline and LVM
20 have also sold franchises in Irvine and Roseville, California, as well.
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22 Based upon the foregoing findings, the California Corporations Commissioner is of the
23 opinion that Mr. Gregory Steven Harline and LVM Franchising, Inc. (dba Local Value Magazine)
24 offered and/or sold franchises and are continuing to offer and sell franchises in California that were
25 subject to registration under the Franchise Investment Law without the offers and/or sales first being
26 registered, in violation of Corporations Code section 31110.
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ORDER

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2 1. Pursuant to section 31402 of the Corporations Code, Mr. Gregory Steven Harline and
3 LVM Franchising, Inc., are hereby ordered to desist and refrain from the further offer or sale
4 of any and all franchises in the state of California, including but not limited to franchises in Local
5 Value Magazine, unless and until the offers of sale have been duly registered under the Franchise
6 Investment Law, or are exempt.

ADMINISTRATIVE PENALTY

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10 2. Pursuant to section 31406 of the Corporations Code, Mr. Gregory Steven Harline and
11 LVM Franchising, Inc., are hereby assessed and ordered to pay an administrative penalty of two
12 thousand five hundred dollars (\$2,500). If within sixty (60) days from the receipt of this citation
13 Harline or LVM fails to notify the commissioner that they intend to request a hearing as described in
14 subd. (d) of sec. 31406, the citation shall be deemed final. Subdivision (d) of 31406 provides that
15 any hearing requested under sec. 31406 shall be conducted in accordance with Chapter 5
16 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the California Govt. Code.

ANCILLIARY RELIEF

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20 3. Pursuant to section 31408 of the Corporations Code, Mr. Gregory Steven Harline and
21 LVM Franchising, Inc. are hereby ordered to pay Mr. James Walker \$40,060 for rescission of
22 franchise fees and royalty fees paid to Harline and LVM by Mr. Walker and are hereby ordered to
23 pay \$20,007.85 for restitution of the remainder of Mr. Walker's out-of-pocket costs.

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25 4. Pursuant to section 31408 of the Corporations Code, the Commissioner also requests
26 additional relief from the Administrative Law Judge, including an award of attorney's fees and costs.
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1 This Order is necessary, in the public interest, for the protection of investors and franchisees
2 and consistent with the purposes, policies and provisions of the Franchise Investment Law.
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5 Dated: April 19, 2006
6 Sacramento, California

7 PRESTON DuFAUCHARD
8 California Corporations Commissioner



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10 By: _____
11 SHARON A. LUERAS
12 Lead Corporations Counsel
13 Enforcement Division
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