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

TO: Window World, Inc.
118 Shaver Street
North Wilkesboro, NC 28659

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

The California Corporations Commissioner finds that:

1. Window Word, Inc. (“Window World”) is a corporation formed in North Carolina on April 7, 1997. Its principal place of business is 118 Shaver Street, North Wilkesboro, North Carolina 28659. Leon Whitworth was the founder of Window World. The company maintains a website at www.windowworld.com.

2. Beginning in 2002, Window World offered and sold franchises, pursuant to “License Agreements”, in the state of California. The “licenses” offered and sold by Window World are franchises within the meaning of California Corporations Code section 31005. The “license agreement” grants the franchisee the right to engage in the business of offering and selling products and services, specifically the ownership and operation of a Window World business site selling and installing windows for residential and commercial use, pursuant to a prescribed marketing plan and system; a standard operating procedures manual; confidential and proprietary trade and design methods, techniques, and secrets; startup and ongoing training sessions; national advertising; a website at www.windowworld.com that identifies the locations of franchisees throughout the country including California; a right to exclusive franchise territories; and a prohibition of competition in a substantially similar or competitive business activity. The “licenses” are substantially associated

1 with the trade name "Window World". In addition, in order to enter into the business, the
2 franchisee is required to pay Window World a franchise fee of over \$5,000.

3 3. On October 27, 2011 Window World became a registered franchisor in California, but
4 prior to that date it offered and sold franchises that were not registered in California under the
5 Franchise Investment Law and were not exempted under Chapter 1 of that law, beginning with
6 Corporations Code section 31100.

7 Based upon the foregoing findings, the California Corporations Commissioner is of the
8 opinion that Window World, Inc. has offered and sold franchises in California that were subject to
9 registration under the Franchise Investment Law without the offers and sales first being registered, in
10 violation of Corporations Code section 31110. Pursuant to section 31402 of the Corporations Code,
11 Window World, Inc. is hereby ordered to desist and refrain from the further offer or sale of franchises
12 unless the offers are registered under the Franchise Investment Law or are exempt.

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

15 Dated: November 29, 2011
16 Los Angeles, California

17 PRESTON DuFAUCHARD
18 California Corporations Commissioner

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20 By _____
21 ALAN S. WEINGER
22 Deputy Commissioner
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1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 EDWARD KELLY SHINNICK (CA Bar No. 96209)
Corporations Counsel
4 DEPARTMENT OF CORPORATIONS
1350 Front Street, Room 2034
5 San Diego, California 92101
Telephone: (619) 645-3166
6

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Desist and Refrain Order)
12 Issued To:)

13 WINDOW WORLD, INC.)

14)
15 Respondent)
16)
17)
18)
19)
20)

STIPULATION TO DESIST AND REFRAIN ORDER

21 IT IS HEREBY STIPULATED AND AGREED between Window World, Inc. (hereafter
22 "Respondent") and Preston DuFauchard, California Corporations Commissioner ("Commissioner"),
23 as follows:

24 WHEREAS, Respondent admits the jurisdiction of the California Department of
25 Corporations over Window World, Inc. and over the subject matter of this Stipulation.

26 WHEREAS, Respondent waives its right to any reconsideration, appeal, or any other rights
27 which may be afforded pursuant to California Corporations Code sections 25532 and 25609, or any
28 other provision of law in connection with these matters, including but not limited to Government

1 Code sections 11521 and 11523, and any writ proceeding in accordance with the Code of Civil
2 Procedure.

3 WHEREAS, all terms used, but not defined herein, shall have the meaning assigned to them
4 by the California Corporations Code.

5 WHEREAS, Respondent represents that this Stipulation is a voluntary act on its part.

6 WHEREAS, Respondent represents, warrants, and agrees that it has received or has been
7 advised to seek independent legal advice from its attorneys with respect to the advisability of
8 executing this Stipulation.

9 WHEREAS, Respondent, without admitting or denying wrongdoing, consents to the issuance
10 of the Desist and Refrain Order (“Order”), in the form attached hereto as Exhibit A, directing
11 Respondent to desist and refrain from the further offer and sale of unregistered franchises in the
12 State of California, unless registered under said law or unless exempt.

13 WHEREAS, Respondent stipulates and agrees to the finality of the Commissioner’s Order.
14 Respondent further understands and agrees that the Order is public and that Respondent cannot deny
15 the violations cited in the Order or make any statement or representation that is inconsistent with the
16 Order or create the impression that the Order is without factual basis.

17 WHEREAS, the Commissioner approved of the form of the notice of rescission offer
18 provided by Respondent, does not object to the rescission process followed by Respondent, and
19 nothing herein shall adversely impact the offer of rescission previously tendered by Respondent to
20 its California licensees.
21

22 WHEREAS, notwithstanding the previous paragraph it is the intent and understanding
23 between the parties that this Stipulation and Order shall not affect or limit Respondent’s right to take
24 legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a
25 party.

26 WHEREAS, upon entry of this Stipulation and Order, all matters that were raised by the
27 Commissioner against Respondent, its agents, officers, or employees will be fully and finally
28 resolved.

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WHEREAS, notwithstanding the previous paragraph, Respondent agrees and acknowledges that nothing in this Stipulation shall preclude the Commissioner, his agents, officers, or employees, to the extent authorized by law, from referring any evidence or information regarding this matter to any other state or federal law enforcement official, or from assisting or cooperating pursuant to the Franchise Investment Law with regards to any investigation and/or action addressed herein or otherwise.

PRESTON DuFAUCHARD,
California Corporations Commissioner

Dated: 11/29/11

By _____
Alan S. Weinger
Deputy Commissioner

Dated: 11/18/11

By _____
An officer on behalf of Window World, Inc.

Approved as to Form:

Dated : 11/21/11

By _____
Richie W. Taylor, Esq.
Manning, Fulton & Skinner P.A.
Attorneys for Window World, Inc.