

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 19, 2006

2006 JUL 19 AM 11:14

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2006-00042

SHOCKOE BOTTOM ENTERPRISES, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant violated: (1) § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 et seq. of the Code of Virginia ("Code"), by granting or offering to grant franchises in the Commonwealth of Virginia prior to registration; and (2) violated § 13.1-563 (e) (ii) of the Act by failing to, directly or indirectly, provide disclosure documents to franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, and by § 13.1-570 of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

The Defendant will not violate the Act in the future.

The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of eight thousand dollars (\$8,000) in monetary penalties pursuant to § 13.1-570 of the Act.

The Division has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;

(2) The Defendant will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation and pay to

the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, eight thousand dollars (\$8,000) in monetary penalties; and

(4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Christopher M. Malone, Esquire, Thompson & McMullan, 100 Shockoe Slip, Richmond,  
Virginia 23219-4140; and the Commission's Office of General Counsel and Division of  
Securities and Retail Franchising.

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SHOCKOE BOTTOM ENTERPRISES, INC.,

CASE NO. SEC-2006-00042

Defendant

ADMISSION AND CONSENT

The Defendant, Shockoe Bottom Enterprises, Inc., admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order.

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Shockoe Bottom Enterprises, Inc.

Date: 7.11.06

By: Dirk D. Graham  
Dirk D. Graham, President

Seen and Approved By:

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Christopher M. Malone, Esquire  
Thompson & McMullan