

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 1, 2019

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2019 MAR -1 P 3: 03

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2018-00048

DOWNUNDER HORSEMANSHIP FRANCHISING, LLC  
d/b/a DOWNUNDER HORSEMANSHIP,  
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Downunder Horsemanship Franchising, LLC d/b/a Downunder Horsemanship ("Downunder" or the "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Downunder, a Texas limited liability company, offers and sells franchises that provide horse training services for horse owners. On August 28, 2017, Downunder filed a franchise registration application with the Division seeking to offer or sell franchises in the Commonwealth of Virginia ("Virginia"). The Division alleges that while Downunder's application was pending, the Defendant sold one unregistered franchise to a Virginia franchisee ("Virginia Franchisee") for operation in Virginia.

The Division also alleges that Downunder failed to provide the Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale. A cleared FDD provides material information to prospective franchisees for them to make an informed decision regarding the purchase of a franchise. Because Downunder

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did not provide a properly cleared FDD to the Virginia Franchisee, the Division alleges that regulatory oversight was circumvented.

Based on its investigation, the Division alleges that Downunder violated § 13.1-560 of the Act by selling or offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that Downunder violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisee with a properly cleared FDD in conjunction with the offer and sale of the franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Prior to the entry of the Settlement Order ("Order"), Downunder made an offer of rescission by letter dated October 19, 2018, which the Virginia Franchisee declined.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this 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:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Four Thousand Dollars (\$4,000) in monetary penalties.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW 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 ORDERED THAT:

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

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

(3) 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 of its reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Clinton Anderson, President, Downunder Horsemanship Franchising, LLC, 13635 FM 3025, Stephenville, Texas 76401; and Earsa R. Jackson, Esquire, Clark Hill Strasburger, 901 Main Street, Suite 6000, Dallas, Texas 75202; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

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DOWNUNDER HORSEMANSHIP FRANCHISING, LLC  
D/B/A DOWNUNDER HORSEMANSHIP,  
Defendant


ADMISSION AND CONSENT

Downunder Horsemanship Franchising, LLC d/b/a Downunder Horsemanship ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, without admitting 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 ("Order").

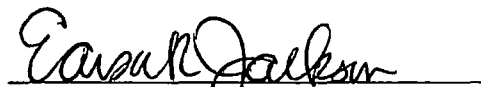
The Defendant further states that no offer, tender, threat, or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent, or representative thereof in consideration of the foregoing Order.

Downunder Horsemanship Franchising,  
LLC d/b/a Downunder Horsemanship

Date: 1-24-19

By:   
Clinton Anderson, President

Seen By:

  
Earsa R. Jackson, Esquire