State of California - Department of Corporations

STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

TO: Hound Mounds, Inc. doing business as POOP 911
Geoffrey Lawrence Bodle
3824 Cedar Springs Road, Suite 200
Dallas, Texas 75219

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

The California Corporations Commissioner finds that:

1. At all relevant times, Hound Mounds, Inc. doing business as POOP 911 (hereafter "Hound Mounds") is or was a Texas corporation formed in November 2005. Hound Mound's principal place of business is located at 3824 Cedar Springs Road, Suite 200, Dallas, Texas 75219. Hound Mounds maintains a website at www.poop911.com.

2. At all relevant times, Geoffrey Lawrence Bodle ("Bodle") was the founder, chief executive officer and a control person of Hound Mounds.

3. At all relevant times, the Hound Mounds website solicited persons interested in starting a POOP 911 franchise by promising a "low cost of entry" and "return of your initial investment" usually within the first year of business as a pet waste disposal service. The website states: "If you are in a heavily populated city where you think POOP 911 pooper scooper service would be a great addition to your community services give us a call or drop us a line." The website does not contain any language stating that the franchise opportunity is not available to residents of California and presently lists 37 franchise locations, including seven in California.

4. Since as early as July 2009, Hound Mounds and Bodle have offered and/or sold franchises to California residents pursuant to "franchise agreements." Franchisees are required to attend training in Dallas, purchase a POOP 911 vehicle wrap, and agree to pay monthly "royalty fees" ranging from 13.9% to 18.9% in exchange for the grant of an exclusive territory and rights to use Hound Mounds trademark names and logos. Franchisees are also provided an operating manual with detailed sales and marketing plans, uniforms and supplies, and daily call center support for customer scheduling and billing. Additionally, franchisees are required to refer all business inquiries to Hound Mounds and are contractually prohibited from diverting business to competitors.

5. The "franchise agreements" offered and sold by Hound Mounds constitute franchises within the meaning of California Corporations Code section 31005.

6. The offer and sale of Hound Mounds franchises in California has not been registered under the Franchise Investment Law and are not exempted under Chapter 1, beginning with California Corporations Code section 31100, of that law.

7. California Corporations Code section 31402 provides in relevant part:

> If, in the opinion of the commissioner, the offer of any franchise is subject to registration under this law and it is being, or it has been, offered for sale without the offer first being registered, the commissioner may order the franchisor or offeror of that franchise to desist and refrain from the further offer or sale of that franchise unless and until the offer has been duly registered under this law. If, after the order has been made, a request for a hearing is filed in writing within 60 days from the date of service of the order by the person on to whom the order was directed, a hearing shall be held in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code
> . . . .
> If that person fails to file a written request for hearing within 60 days of the date of service of the order, the order shall be deemed a final order of the commissioner and shall not be subject to review by any court or agency, notwithstanding Section 31501.

Based on the foregoing findings, the California Corporations Commissioner is of the opinion that Hound Mounds, Inc. doing business as POOP 911 and Geoffrey Lawrence Bodle have engaged in the offer and sale of franchises in this state that is subject to registration under the Franchise Investment Law without the offers first being registered, in violation of California Corporations Code section 31110. Pursuant to California Corporations Code section 31402, Hound Mounds, Inc. doing business as POOP 911 and Geoffrey Lawrence Bodle are hereby ordered to desist and refrain from the further offer or sale of franchises, including but not limited to POOP 911, unless and until the offers have been duly registered under the Franchise Investment Law or unless exempt.

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

Dated: June 25, 2012

JAN LYNN OWEN
California Corporations Commissioner

By_____
Alan S. Weinger
Deputy Commissioner
Enforcement Division

State of California - Department of Corporations