STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

TO: Safe Step Walk-In Tub Co.
Michael L. Duffer
1650 Elm Hill Pike, Suite 5
Nashville, Tennessee 37210

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, Safe Step Walk-In Tub Co. (hereafter "Safe Step") was a Tennessee corporation formed in June 2008. Safe Step's principal place of business is located at 1650 Elm Hill Pike, Suite 5, Nashville, Tennessee, 37210.

2. At all relevant times, Michael L. Duffer ("Duffer") was the owner and president of Safe Step.

3. At all relevant times, Safe Step maintained a website at www.safesteptub.com. The Safe Step website states: "We sell and professionally install soaking and walk in tubs throughout Los Angeles, California and the surrounding areas."

4. Beginning in or about July 2010, Safe Step and Duffer offered and/or sold franchises to California residents pursuant to "Dealership/License" agreements. The agreements grant the "dealer" the right to sell, install and service Safe Step's safety bathtubs and related products in an exclusive territory under Safe Step's distinctive name and trademarks.

5. Under the "Dealership/License" agreements, dealers agree to pay a "onetime License Fee" for the grant of an exclusive territory and rights to use Safe Step's trademark name and logo. Further,

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dealers are restricted from selling competitive products and may be required to meet monthly minimum sales. Subject to additional fees and commissions, dealers can request training and access Safe Step product catalogs and sales promotion materials.

6. The "Dealership/License" agreements offered and sold by Safe Step constitute franchises within the meaning of California Corporations Code section 31005.

7. The offer and sale of Safe Step franchises in California have 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.

8. 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 Safe Step Walk-In Tub Co. and Michael L. Duffer have engaged in the offer and sale of franchises in this state that are 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, Safe Step Walk-In Tub Co. and Michael L. Duffer are

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hereby ordered to desist and refrain from the further offer or sale of franchises 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: October 10, 2012

JAN LYNN OWEN
California Corporations Commissioner

By_____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

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