

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
ENFORCEMENT SECTION  
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND  
BUSINESS SERVICES**

4 <b>In the Matter of:</b>	)	No. S-06-0019
	)	
5 <b>CHILDCARE SEEKERS ONE STOP,</b>	)	FINAL ORDER TO CEASE AND
6 <b>INC. and CHRISTINA HART,</b>	)	DESIST AND ASSESSING CIVIL
	)	PENALTIES ENTERED BY DEFAULT
7 <b>Respondents.</b>	)	AS TO CHILDCARE SEEKERS ONE
	)	STOP, INC. AND CHRISTINA HART
	)	
	)	
	)	
	)	
	)	

11           **WHEREAS**, on September 30, 2006 the Director of the Department of Consumer and  
12 Business Services for the State of Oregon (hereafter the "Director"), acting pursuant to the  
13 authority granted by the Oregon Franchise Transactions Law (ORS 650.005 *et seq.*), issued an  
14 **ORDER TO CEASE AND DESIST AND ASSESSING CIVIL PENALTIES** against  
15 **CHILDCARE SEEKERS ONE STOP, INC.** (hereafter "**CHILDCARE SEEKERS**") and  
16 **CHRISTINA HART** (hereafter "**HART**");

17           **WHEREAS**, on October 10, 2006 Respondent Childcare Seekers was duly served with a  
18 true copy of the Order and Notice by United States Mail, first class postage prepaid, addressed to  
19 Respondent Childcare Seekers at the following last known address: 3824 River Rd. N., Suite  
20 #254, Keizer Oregon 97303-4800. This mailing was returned with the postal notation "not  
21 deliverable as addressed returned to sender."

22           **WHEREAS**, on October 10, 2006 Respondent Childcare Seekers was duly served with a  
23 true copy of the Order and Notice by certified United States Mail (Item #7002 0460 0001 9601  
24 8358), postage prepaid, and addressed to Respondent Childcare Seekers at the following last  
25 known address: 3824 River Rd. N., Suite #254, Keizer Oregon 97303-4800. This mailing was  
26 returned with the postal notation "return to sender, undeliverable as addressed."



1           **WHEREAS**, on October 10, 2006 Respondent Christina Hart was duly served with a true  
2   copy of the Order and Notice by United States Mail, first class postage prepaid, addressed to  
3   Respondent Christina Hart at the following last known address: 3824 River Rd. N., Suite #254,  
4   Keizer Oregon 97303-4800. This mailing was returned with the postal notation “not deliverable  
5   as addressed returned to sender.”

6           **WHEREAS**, on October 10, 2006 Respondent Christina Hart was duly served with a true  
7   copy of the Order and Notice by certified United States Mail (Item #7002 0460 0001 9601  
8   8365), postage prepaid, and addressed to Respondent Christina Hart at the following last known  
9   address: 3824 River Rd. N., Suite #254, Keizer Oregon 97303-4800. This mailing was returned  
10   with the postal notation “return to sender, undeliverable as addressed.”

11           **NOW THEREFORE**, the Director, aware that the period of time for the Respondents to  
12   request a hearing has passed, hereby issues the following Findings of Fact, Conclusions of Law,  
13   and Final Order, to wit:

## FINDINGS OF FACT

The Director **FINDS** that:

## Part One: Respondents

1. **CHILDCARE SEEKERS** was, at all times relevant herein, a for profit Oregon corporation (Business Registry #762474-86), incorporated by the Oregon Secretary of State on July 6, 2000. The company conducted business from 3824 River Road N. #254, Keizer, Oregon 97303.

2. **HART** was, at all times relevant herein, the President, sole shareholder, and only employee of **CHILDCARE SEEKERS**. **HART** conducted business from 3824 River Road N. #254, Keizer, Oregon 97303.

## Part Two: The Childcare Seekers System

3. **CHILDCARE SEEKERS** granted franchisees the exclusive right to publish its childcare referral directories within specific geographic territories across the United States.





1 **CHILDCARE SEEKERS** franchisees tendered both a territory fee ([a] “one time purchase  
2 price for your territory [that] is based upon the population of the county or city in which you  
3 wish to operate your Childcare Seekers directory”) and a recurring monthly “license fee” to the  
4 company. **CHILDCARE SEEKERS**’s franchise fees ranged from seven hundred dollars  
5 (\$700.00) for the North Dakota territory to twenty thousand dollars (\$20,000.00) for the southern  
6 California territory.

7 4. The **CHILDCARE SEEKERS** directory was a publication designed to provide an  
8 outlet for child care providers to reach parents of young children in need of their services. The  
9 directory was provided free of charge to consumers, and was distributed in racks located near the  
10 entrance of retail outlets.

11 5. **CHILDCARE SEEKERS** franchisees were responsible for soliciting advertisements  
12 from child care providers, assisting clients with the formulation of copy, producing the  
13 publication, and distributing the directories throughout their geographic region.

14 6. **CHILDCARE SEEKERS** provided franchisees with software and templates for the  
15 creation of a directory, gave franchisees an operations manual to refer to, and provided uniform  
16 advice – from one person, **HART** - on how to garner ads for and create a local version of the  
17 company’s childcare directory. A franchisee in California engaged in the same tasks as a  
18 franchisee in Iowa when compiling, producing, and marketing a directory using the  
19 **CHILDCARE SEEKERS** system.

20 7. **CHILDCARE SEEKERS** directories used a standardized graphic format containing  
21 the “Childcare Seekers Directory” trademark, trade name, and logo.

22 8. **CHILDCARE SEEKERS** provided franchisees with letterhead, envelopes, forms,  
23 business cards, and brochure templates. The company also granted franchisees access to its  
24 “Online Childcare Seekers Associate Library”, a database of customized applications.  
25  
26



1           9. **CHILDCARE SEEKERS** promised franchisees the benefits of ongoing internet  
2 advertising (*"We provide a web page... so that childcare providers and parents can have a*  
3 *direct link to you and your territory."*)

4           10. **CHILDCARE SEEKERS** granted franchisees the *"use of [the] Childcare Seekers*  
5 *Directory Name, Copyrighted Format and Logo."*

6           11. **CHILDCARE SEEKERS** furnished franchisees with a detailed operations manual.  
7 The company asserted that *"our manual will help guide you with policies and procedures..."*

8           12. **CHILDCARE SEEKERS** provided franchisees with three types of ongoing  
9 support. First, the company granted franchisees access to its specialized tutorial site, which *"has*  
10 *a variety of 'How To' information and tips for operating your business."* Second, **CHILDCARE**  
11 **SEEKERS** touted its "referral support" program, by which it promised to act *"as a hub for any*  
12 *new clients who may come through our corporate office or via national advertising or our*  
13 *website."* Third, the company offered direct telephone support to franchisees, Monday to  
14 Thursday, 9:00 A.M. to 2:00 P.M., Pacific Standard Time.

15           **Part Three: Misrepresentations Made During The Franchise Sales Process**

16           13. **CHILDCARE SEEKERS** supplied prospective franchisees with gross income and  
17 net profit projections for publications of three different lengths. For a twenty-four-page directory,  
18 the prospective franchisee was informed that their net profit could be \$3,164.00. In the event that  
19 they procured enough advertising for a forty-page directory, franchisees might see profits after  
20 expenses of \$6,026.00, while the figure for a fifty-six page edition was \$8,848.00.

21 **CHILDCARE SEEKERS** failed to disclose the basis for its income and profit projections to  
22 prospective franchisees, nor did it provide an itemization of the expenses a franchisee could  
23 expect to incur when publishing a directory. Furthermore, the company failed to assert whether  
24 the projections it provided were based on the actual experience of any of its franchisees.  
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1           14. **CHILDCARE SEEKERS** failed to disclose to prospective franchisees that  
2 Respondents had been the subject of a Cease and Desist Order, for the sale of an unregistered  
3 franchise, issued by the State of Washington on February 3, 2003.

4           15. **CHILDCARE SEEKERS** failed to disclose to prospective franchisees that  
5 Childcare Seekers One Stop, Inc. had a "predecessor or affiliate", "Childcare Seekers, Inc."  
6 Furthermore, the company did not provide prospective franchisees with information about its  
7 relationship to this entity.

8           16. **CHILDCARE SEEKERS** failed to disclose to prospective franchisees that the  
9 company did not own or have exclusive rights to use the customized software that it furnished to  
10 franchisees, and that their ability to employ the key operating component of their business could  
11 be impaired at any point in time.

12           17. **CHILDCARE SEEKERS** failed to provide prospective franchisees with either  
13 audited or unaudited financial statements for Childcare Seekers One Stop, Inc., data that would  
14 have shed light on the company's financial status or ability to continue as a going concern and  
15 provide franchisees with promised support for their business operations.

16           18. **CHILDCARE SEEKERS** failed to disclose to prospective franchisees that **HART**  
17 had filed for bankruptcy protection in 1998.

18           19. **CHILDCARE SEEKERS** failed to disclose to prospective franchisees that **HART**,  
19 the company's sole employee, was not subject to an employment contract and that, in the event  
20 that **HART** obtained an employment opportunity elsewhere, the franchisor's promised support  
21 and service would be instantly discontinued.

22           20. **CHILDCARE SEEKERS** sold franchises for territories in Alabama, California,  
23 Colorado, Florida, Illinois, Iowa, Missouri, Montana, North Dakota, Oklahoma, Texas, and  
24 Washington from its Salem, Oregon headquarters.

25           21. Without warning or notice to its franchisees, **CHILDCARE SEEKERS** ceased doing  
26 business in February, 2005.

**CONCLUSIONS OF LAW**

The Director **CONCLUDES** that:

22. **CHILDCARE SEEKERS** and **HART** sold franchises, as defined by ORS 650.005 (4), in or from the State of Oregon.

23. **CHILDCARE SEEKERS** and **HART** failed to provide prospective franchisees with either a Uniform Franchise Offering Circular or Federal Trade Commission Franchise Disclosure Statement, in violation of OAR 441-325-0020.

24. **CHILDCARE SEEKERS** and **HART** failed to disclose to prospective franchisees that they had been the subject of a Cease and Desist Order, for the sale of an unregistered franchise, issued by the State of Washington on February 3, 2003, in violation of ORS 650.020.

25. **CHILDCARE SEEKERS** and **HART** failed to disclose to prospective franchisees that Childcare Seekers One Stop, Inc. had a "predecessor or affiliate" ("Childcare Seekers, Inc."), and did not provide prospective franchisees with information about its relationship to this entity, in violation of ORS 650.020.

26. **CHILDCARE SEEKERS** and **HART** failed to disclose to prospective franchisees that the company did not own or have exclusive rights to employ the customized software that it furnished to franchisees, in violation of ORS 650.020.

27. **CHILDCARE SEEKERS** and **HART** failed to disclose the basis for the income and profit projections given to prospective franchisees, and failed to provide an itemization of the expenses a franchisee could expect to incur when publishing a directory, in violation of ORS 650.020.

28. **CHILDCARE SEEKERS** and **HART** failed to provide prospective franchisees with either audited or unaudited financial statements for Childcare Seekers One Stop, Inc., in violation of ORS 650.020.

29. **CHILDCARE SEEKERS** and **HART** failed to disclose to prospective franchisees that **HART** had filed for bankruptcy protection in 1998, in violation of ORS 650.020.



