

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: RazzleDazzle Franchise, LLC
RAZZLEDAZZLE Barbershop, a division of RD Consulting, LLC
RAZZLEDAZZLE Franchise Corporation doing business as RAZZLEDAZZLE Franchise
Elena Linares
241 Miracle Mile
Coral Gables, Florida 33134

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

The Commissioner of Business Oversight (Commissioner) finds that:

1. At all relevant times, RazzleDazzle Franchise, LLC also known as Razzle Dazzle Franchise, LLC (RazzleDazzle Franchise, LLC) was a Florida limited liability company doing business at 241 Miracle Mile, Coral Gables, Florida 33134 and maintained a website on the Internet located at www.razzledazzlebarbershop.com.

2. At all relevant times, RAZZLEDAZZLE Barbershop was a division of RD Consulting, LLC (RD Consulting/Razzledazzle), a Florida limited liability company also with a principal address of 241 Miracle Mile, Miami, Florida 33134.

3. At all relevant times, RAZZLEDAZZLE Franchise Corporation doing business as RAZZLEDAZZLE Franchise (Razzledazzle Franchise) was a purported Florida corporation that was not registered.

4. At all relevant times, Elena Linares (Linares) was Manager of RazzleDazzle Franchise, LLC, Manager of RD Consulting/Razzledazzle, and was Authorized Officer of Razzledazzle Franchise.

5. On November 2, 2015, Linares and RazzleDazzle Franchise, LLC submitted an initial franchise application to the Commissioner pursuant to the Franchise Investment Law (Corp. Code, § 31000 et seq.), which was withdrawn by Order Consenting to Withdrawal of Application issued by the Commissioner on September 18, 2017.

6. On or about November 11, 2015 to November 13, 2015, RazzleDazzle Franchise, LLC, RD

1 Consulting/Razzledazzle, Razzledazzle Franchise and Linares (collectively, “Razzledazzle”)
2 appeared in California and/or attended the West Coast Franchise Expo in Anaheim, California as a
3 registered franchisor.

4 7. Beginning in or about January 2016, Razzledazzle also offered or sold franchises in this state
5 through its website under the name “RAZZLEDAZZLE Barbershop.” Through the website,
6 prospective franchisees were told, “As a RAZZLEDAZZLE® Barbershop franchise, you’ll be part of
7 a \$60 billion dollar barbershop business industry. You’ll have the distinct advantage of having an
8 industry expert supporting you every step of the way as you grow your business.” Franchises were
9 told that the “Franchise Model” includes: “The RAZZLEDAZZLE Guest Experience” and “The
10 RAZZLEDAZZLE Barbershop Business System.”

11 8. Franchisee are told, “The RAZZLEDAZZLE™ barber shop [*sic*] franchise offers precision
12 haircuts, as well as a full range of barbershop services” including “The RAZZLEDAZZLE pricing
13 system” along with “memberships and specials.”

14 9. “The RAZZLEDAZZLE Barbershop Business System” includes Revenue Programs;
15 Customer Frequency; Operations; Ideal Operational Setup; and The Role of a Franchisee.
16 Razzledazzle promises franchisees they will “benefit from a plethora of potential revenue streams”
17 which include haircuts, barbershop services, hair products and special events such as bachelor parties.

18 10. Razzledazzle offers franchisees the operational support of “the RAZZLEDAZZLE team and
19 its founder, an entrepreneurial visionary with over 30 years of experience and a proven track record.”
20 Razzledazzle promises to “help our franchisees plan for and foster growth, monitor quality, and
21 increase sales at every opportunity throughout the business process.”

22 11. “Ideal Operational Setup” is described as including “Professional Staff...with vocational
23 education and certified training from RAZZLEDAZZLE educators” who are “supported by highly
24 trained, capable administrative management teams...” Franchisees are also told that Razzledazzle’s
25 “unique concept and operational system...makes training, quality control, assessments, and
26 improvement much simpler to facilitate.”

27 12. Razzledazzle tells franchisees that they “do not need to know much about the hair care
28 industry as a whole” because Razzledazzle will provide coaching and training. In addition,

1 “Franchise Support Systems” include the “RAZZLEDAZZLE® Barbershop Operational Support;
2 Real Estate Construction & Support; Training & Education: Stylist Education; Marketing; Product &
3 Sales Support; and Accounting Support.”

4 13. The “RAZZLEDAZZLE® Barbershop Operational Support” includes a “dedicated franchise
5 business consultant who visits your barbershop periodically to provide ongoing analysis, coaching,
6 and assistance in meeting key objectives and attaining benchmarks.” In addition, franchisees are told
7 they can depend on the following: barbershop management software; coaching, consultation, and
8 assistance for grand openings; identifying market and population trends and market conditions; and
9 strategic planning and promotional strategies.

10 14. For “Real Estate Construction & Support” franchisees are told that the “franchise team” will
11 guide them “through the site selection process, start-up design, build-out construction, and
12 maintenance of your ongoing business.” Franchisees are ensured that each location will meet “the
13 RAZZLEDAZZLE Barbershop design and build-out construction standards for optimizing space...”
14 and that “all phases of the build-out process” will be monitored “to keep all aspects of construction
15 running smoothly....”

16 15. “Training & Education” offered by Razzledazzle includes “[f]irst-class aid with business
17 oversight, financial management, customer service, and staff recruiting” and “[r]egularly scheduled
18 conference calls to discuss services, sales, and personnel training.” Razzledazzle promises to provide
19 training classes for “Stylist Education” to franchisees and their staff, and a marketing plan before the
20 franchise opens its doors. Razzledazzle also promises “Product & Sales Support” to provide
21 franchisees “with a list of top-quality products selected by our experts.”

22 16. For “Accounting Support,” franchisees are promised “support for the financial management
23 aspects” of their franchise, including: “Bonus and Incentive Programs, Scheduling Efficiency and
24 Hours Analysis, Goal Setting, Projected and Current-Year Budgeting, Sales and Inventory Analysis,
25 Price Surveys and Menu Boards, Monthly Report Preparations...Business Ratios Analysis.”

26 17. Razzledazzle states that the franchise cost is \$30,000.00 and “[r]oyalties are 6% and 2% for
27 Advertising.” Franchisees are also promised a list of vendors for supplies and a list of inventory for
28 buildout.

1 18. The offer of franchises by Razzledazzle in California has not been registered under the
2 Franchise Investment Law and is not exempted under that law.

3 Based upon the foregoing findings, the Commissioner is of the opinion that RazzleDazzle
4 Franchise, LLC, also known as Razzle Dazzle Franchise, LLC, RD Consulting, LLC and the
5 RAZZLEDAZZLE Barbershop division, RAZZLEDAZZLE Franchise Corporation doing business as
6 RAZZLEDAZZLE Franchise and Elena Linares are offering and/or selling RAZZLEDAZZLE
7 Barbershop franchises in California that are subject to registration under the Franchise Investment
8 Law without the offers first being registered in violation of Corporations Code section 31110.
9 Pursuant to section 31402 of the Corporations Code, RazzleDazzle Franchise, LLC also known as
10 Razzle Dazzle Franchise, LLC, RD Consulting, LLC and the RAZZLEDAZZLE Barbershop
11 division, RAZZLEDAZZLE Franchise Corporation doing business as RAZZLEDAZZLE Franchise
12 and Elena Linares are hereby ordered to desist and refrain from the further offer or sale of
13 RAZZLEDAZZLE Barbershop franchises unless and until the offers have been duly registered under
14 the Franchise Investment Law.

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

17 Dated: December 12, 2017
18 Sacramento, California

19 JAN LYNN OWEN
20 Commissioner of Business Oversight

21
22 By _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division
26
27
28