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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Franchise Investment Protection Act of  
Washington by:  
  
Commercial Property Consultants, LLC,  
  
Respondent.

Order No.: S-10-242-11-FO01

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS  
OF LAW AND FINAL ORDER TO CEASE AND DESIST

**THE STATE OF WASHINGTON TO: Commercial Property Consultants, LLC**

On June 2, 2011, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, S-10-242-11-SC01, hereinafter referred to as "Statement of Charges," against Commercial Property Consultants, LLC. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Respondent Commercial Property Consultants, LLC on June 6, 2011. The Notice of Opportunity for Hearing advised Commercial Property Consultants, LLC that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Commercial Property Consultants, LLC failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Franchise Investment Protection Act.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT**

Respondent

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3 1. Commercial Property Consultants, LLC (“CPC”) was an Arizona limited liability company that was  
4 established on April 22, 2005. CPC maintained a principal place of business at 16435 N. Scottsdale Road, Suite 280,  
5 Scottsdale, Arizona. CPC was administratively dissolved on January 7, 2010 for failure to appoint and/or maintain a  
6 statutory agent.

Nature of the Conduct

7  
8 2. Commercial Property Consultants, LLC offered and sold franchises that involved providing engineered cost  
9 segregation services to owners of commercial property. Engineered cost segregation is purportedly “an in-depth  
10 analysis by construction engineering experts of the costs incurred to build, acquire or renovate a real estate holding.”  
11 According to CPC, the “primary goal of a cost segregation study is to identify all construction-related costs that qualify  
12 for accelerated income tax depreciation.” CPC represented that by accelerating depreciation, commercial property  
13 owners could usually reduce their tax liability and increase their cash flow.

14 3. CPC referred to its franchisees as “affiliates.” Affiliates would locate commercial property owners who were  
15 interested in cost segregation services and refer them to CPC. CPC performed the initial analysis, which would provide  
16 an estimate of expected monetary benefits, at no cost to the customer. The customer would then pay a fee if they  
17 wished to go forward with a full study.

18 4. Affiliates could choose to purchase one of several different CPC “programs.” The cost of the programs varied  
19 from \$9,995 (“Diamond Program”) to \$89,995 (“Presidential Club Program”). By purchasing a more expensive  
20 program, affiliates could engage a greater number of “associate affiliates” to “create additional income and referral  
21 streams,” receive a greater amount of marketing materials such as business cards and brochures, and earn a higher  
22 commission rate. For example, an affiliate who purchased the “Gold Program” for \$20,995 could earn a commission  
23 rate up to 35%, whereas an affiliate who purchased the Presidential Club Program could earn a commission rate up to  
24 85%. Affiliates who purchased the franchise opportunity within a certain timeframe could also qualify for an “Action  
25 Bonus,” which would entitle them to receive additional commissions and payments.

1 5. CPC sold franchises to at least three Washington residents. The first Washington resident, who purchased the  
2 franchise in September 2006, paid \$59,995 for the “Platinum Professional Program.” The other Washington residents,  
3 who made their purchase in March 2008, paid \$89,995 for the Presidential Club Program. Although CPC provided the  
4 Washington purchasers with a “disclosure document,” this document did not contain the information about the  
5 franchise required by RCW 19.100.040.

6 6. CPC told at least one Washington purchaser that affiliates could expect to earn their fee back in one month to  
7 one year. CPC failed to provide a reasonable basis for this projection.

8 7. The Washington purchasers signed an “Affiliate Marketing Agreement.” The agreement granted the  
9 Washington purchasers the right to sell and market CPC’s cost segregation services.

10 8. CPC provided training for the Washington purchasers, which included a two-day training program held in  
11 Scottsdale, Arizona and a “comprehensive training manual” on sales and marketing strategies. CPC also provided  
12 marketing materials, such as brochures, presentation folders, and a PowerPoint presentation. Although affiliates  
13 conducted business under their own business name, the marketing materials provided were branded with the CPC logo.  
14 The Washington purchasers received business cards and letterhead that were branded with the CPC logo. Additional  
15 marketing materials had to be purchased through CPC’s authorized printer.

16 9. CPC continued to provide ongoing support to its affiliates after the initial training. CPC represented that  
17 affiliates would be granted “[u]nlimited support by [CPC’s] trained staff” and “comprehensive sales and marketing  
18 support for the life of [their] business,” which included regularly scheduled support conference calls, unlimited access  
19 to CPC’s “business coach mentoring program,” and assistance in presenting the free analysis to customers. The  
20 Washington purchasers received an access code to CPC’s virtual “back office” where they could access various tools  
21 such as training materials, forms, and past support phone calls.

22 10. The Washington purchasers received their last commission payments from CPC in the spring of 2009. CPC  
23 failed to pay one Washington purchaser \$13,700 in earned commissions. Another Washington purchaser only received  
24 partial commissions on one contract, and no commissions on another.

Other Actions

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11. On May 1, 2006, the Maryland Division of Securities entered into a Consent Order with CPC and William Stredney, the principal and founder of CPC. In the Consent Order, CPC and Stredney neither admitted nor denied any violations of law, but consented to cease and desist from offering and selling business opportunities in violation of the Business Opportunity Act.

12. On June 24, 2009, the State of Minnesota, Department of Commerce, issued a Cease and Desist Order and Notice of Right to Hearing against CPC for the sale of an unregistered franchise and for failing to respond to an Order for Reported Sales.

Misrepresentations and Omissions

13. Respondent failed to provide material information regarding the franchises including but not limited to, financial statements and the total number of franchises and changes in the number of franchises located in each state during each of the last three fiscal years.

14. Respondent failed to disclose to the Washington purchasers the Consent Order entered into with the Maryland Division of Securities.

Registration Status

15. Commercial Property Consultants, LLC is not currently registered to sell franchises in the State of Washington and has not previously been so registered.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

1. The offer or sale of the opportunity described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).

2. The offer or sale of said franchises were in violation of RCW 19.100.020 because no registration for such offer and/or sale is on file with the Securities Administrator.

1 3. The offer and/or sale of said franchises were in violation of RCW 19.100.080, the disclosure document  
2 requirement provision of the Franchise Investment Protection Act, because the Respondent failed to provide  
3 prospective purchasers with a UFOC that contained all material information about the franchise including, but not  
4 necessarily limited to, a financial statement for the seller.

5 4. The offer and/or sale of said franchises were made in violation of RCW 19.100.170 because the Respondent  
6 either made untrue statements of material fact or omitted to state a material fact necessary in order to make the  
7 statements made, in light of the circumstances under which they were made, not misleading.

8 **FINAL ORDER**

9 Based upon the foregoing and finding it in the public interest:

10 IT IS HEREBY ORDERED that Respondent Commercial Property Consultants, LLC, its agents and  
11 employees, each shall cease and desist from offering or selling franchises in violation of RCW 19.100.020, the  
12 registration section of the Franchise Investment Protection Act of the state of Washington.

13 IT IS HEREBY ORDERED that Respondent Commercial Property Consultants, LLC, its agents and  
14 employees, each shall cease and desist from offering or selling franchises in violation of RCW 19.100.080, the  
15 delivery of offering circular section of the Franchise Investment Protection Act of the state of Washington.

16 IT IS HEREBY ORDERED that Respondent Commercial Property Consultants, LLC, its agents and  
17 employees, each shall cease and desist from violating RCW 19.100.170, the anti-fraud section of the Franchise  
18 Investment Protection Act of the state of Washington.

19 This ORDER is entered pursuant to RCW 19.100.248 and is subject to the provisions of Chapter 34.05 RCW.  
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21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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23 SIGNED and ENTERED this 19th day of September, 2011.

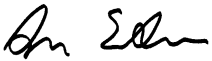


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William M. Beatty  
Securities Administrator

Approved by:

Presented by:





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Suzanne Sarason  
Chief of Enforcement

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Jiyoung C. Kwon  
Financial Legal Examiner