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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 )  
Business Opportunity Fraud Act by: )  
ARP Wave, LLC, )  
Respondent. )

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Order No.: S-11-0827-11-CO01

CONSENT ORDER

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**INTRODUCTION**

9 Pursuant to the Business Opportunity Fraud Act of Washington, RCW 19.110, the Securities Division and  
10 Respondent, ARP Wave, LLC, do hereby enter into this CONSENT ORDER in settlement of the matters alleged  
11 herein. Respondent, ARP Wave, LLC, neither admits nor denies the Tentative Findings of Fact or Conclusions of Law  
12 as stated below.

13

**FINDINGS OF FACT**

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**I. Respondent**

15 ARP Wave, LLC is a distributor of medical device systems known as the "ARP RX 100" and the "ARP  
16 POV." ARP Wave, LLC has its primary place of business at 7721 175th St. W, Apple Valley, MN 55124.

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**II. Nature of the Offering**

18 Respondent maintains a website at www.arpwave.com. At least until sometime in the summer of 2011, the  
19 website advertised "business opportunities" wherein a prospective purchaser would pay \$5,000 for training on the ARP  
20 Wave system. The training taught purchasers to instruct clients on the self-use of the ARP Wave system. Such an  
21 instructor was known as a "Protocol Guide." The Protocol Guide was to instruct such clients over the Internet using a  
22 web cam. Prior to training, a prospective Protocol Guide would enter into an independent contractor agreement with  
23 ARP Wave, LLC which specified a payment schedule that ARP Wave, LLC would pay the Protocol Guide for his or  
24 her services.

1 The ARP Wave website represented that clients were to be referred to the Protocol Guide by ARP Wave, LLC,  
2 and that ARP Wave, LLC would do “all the selling for [the Protocol Guide].” The independent contractor agreement,  
3 however, anticipated that Protocol Guides would sell treatment programs to clients as well as leases to the ARP Wave  
4 systems. ARP Wave, LLC agreed to assist the Protocol Guide in marketing the ARP Wave system by allowing the  
5 Protocol Guide to play a television commercial on public access television in the Protocol Guide’s local area. The  
6 website advertisement claimed that a Protocol Guide would earn an average of over \$105,000 per year.

7 In April of 2011, Investor A, a Washington resident, inquired with ARP Wave, LLC about the business  
8 opportunity after seeing the advertisement on ARP Wave, LLC’s website located at www.arpwave.com. She spoke  
9 with a sales representative, and based upon her conversation with the sales representative as well as the representations  
10 made on the website, agreed to purchase the training for \$5,000. Investor A entered into an independent contractor  
11 agreement with ARP Wave, LLC to become a Protocol Guide. Investor A sent ARP Wave, LLC a cashier’s check for  
12 \$5,000 in April of 2011. Investor A traveled to Arizona to participate in the required training in May of 2011. In  
13 August of 2011, Investor A requested a refund from ARP Wave, LLC because the expected income had not  
14 materialized. Her request for a refund was denied.

15 At the time Investor A relied upon the information on ARP Wave, LLC’s website to make her decision to  
16 purchase training from ARP Wave, LLC, the website contained representations substantially as follows:

17 What our opportunity offers you

- 18 • Unlimited income potential
- 19 • No selling – we do all the sales for you
- 20 • Fast start up – generate income in week #1
- 21 • High demand
- 22 • Help people in pain and

23 Show me the numbers . . .

- 24 • Primary markets: chronic pain/surgery
- 25 • Your income \$275/\$750 per patient

- Average 32 patients a month
- Earn over \$105,000 yearly

ARP Wave, LLC possessed no empirical data to substantiate the claim that a Protocol Guide would have an average of 32 patients a month. ARP Wave, LLC also possessed no empirical data to substantiate the claim that a Protocol Guide would earn over \$105,000 yearly. These representations reflected the arithmetic calculation that if a Protocol Guide were to average 32 patients per month for one year, then, at \$275 per patient, that Protocol Guide would earn \$105,600. ARP Wave, LLC did not disclose to Investor A that it possessed no substantiating empirical data. ARP Wave, LLC also did not disclose to Investor A, prior to her purchase of training, that these earnings claims were based only on an arithmetic calculation.

#### **IV. Failure to Deliver Disclosure Document**

Respondents failed to give Investor A a disclosure document with the disclosures required by RCW 19.110.070, including a financial statement.

#### **V. Failure to Provide Cancellation Period**

The contract that Investor A entered into did not have any cancellation clause or any of the notices required by RCW 19.110.110(4).

#### **VI. Registration Status**

Respondent, ARP Wave, LLC, is not currently registered to sell its business opportunities 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 offers and/or sales of ARP Wave Protocol Guide contracts as described above constitutes the offer and/or sale of a business opportunity as described in RCW 19.110.020.
2. The offer and/or sale of said business opportunities was in violation of RCW 19.110.050 because no registration for such offer and/or sale is on file with the Securities Administrator, state of Washington.

1 3. The offer and/or sale of said business opportunities was in violation of RCW 19.110.070 because  
2 Respondent failed to provide Investor A with a disclosure document as required by RCW 19.110.070.

3 4. The offer and/or sale of said business opportunities was in violation of RCW 19.110.110 because  
4 Respondent failed to provide Investor A with the contract provisions required by RCW 19.110.110(4).

5 5. The offer and/or sale of said business opportunities was in violation of RCW 19.110.120 because  
6 Respondent failed to make the disclosures required by RCW 19.110.070, including but not limited to a financial  
7 statement for ARP Wave, LLC, and failed to provide an adequate basis for its earnings claims.

8 **CONSENT ORDER**

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

10 IT IS AGREED AND ORDERED THAT Respondent, ARP Wave, LLC, its agents and employees shall each  
11 cease and desist from offering or selling business opportunities in violation of RCW 19.110.050, the registration  
12 section of the Business Opportunity Fraud Act of the state of Washington.

13 IT IS FURTHER AGREED AND ORDERED THAT Respondent, ARP Wave, LLC, its agents and employees  
14 shall each cease and desist from violating RCW 19.110.070, the disclosure document section of the Business  
15 Opportunity Fraud Act of the state of Washington.

16 IT IS FURTHER AGREED AND ORDERED THAT Respondent, ARP Wave, LLC, its agents and employees  
17 shall each cease and desist from violating RCW 19.110.110, the business opportunity contract section of the Business  
18 Opportunity Fraud Act of the state of Washington.

19 IT IS FURTHER AGREED AND ORDERED THAT Respondent, ARP Wave, LLC, its agents and employees  
20 shall each cease and desist from violating RCW 19.110.120, the anti-fraud provision of the Business Opportunity  
21 Fraud Act of the state of Washington.

22 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

23 IT IS FURTHER AGREED that Respondent, ARP Wave, LLC, enters into this Consent Order freely and  
24 voluntarily and with full understanding of its terms and significance.  
25

1 IT IS FURTHER AGREED that in consideration of the foregoing, ARP Wave, LLC, waives its rights to a  
2 hearing and to judicial review of this matter.

3  
4 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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6 Signed this 31 day of March 2012.

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8 ARP Wave, LLC by:

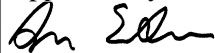
9 \_\_\_\_\_  
10 /S/ \_\_\_\_\_  
11 Denis Thompson, Manager

12 SIGNED and ENTERED this 30th day of April 2012.

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16 \_\_\_\_\_  
17 William M. Beatty  
18 Securities Administrator

19 Approved by:

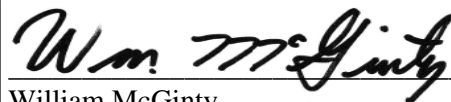
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21 \_\_\_\_\_  
22 Suzanne Sarason  
23 Chief of Enforcement

24 Reviewed by:

25 \_\_\_\_\_  
26 Charles Clark  
27 Financial Legal Examiner Supervisor

28 Presented by:

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31 William McGinty  
32 Financial Legal Examiner

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CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia WA 98507-9033  
360-902-8760