

Nature of the Offering

1 4. From 2008 to 2013, Capital Business Consultants and Capital Business Brokers operated a franchise system
2 under the name Capital Business Solutions, in which they offered individuals the opportunity to own and operate a
3 business brokerage firm. A business broker serves as an intermediary between business owners who seek to sell their
4 existing businesses and individuals or entities looking to purchase businesses. A business broker earns a commission
5 based on a percentage of the price that a business is sold for.

6 5. In September 2012, through an internet advertisement, Capital Business Consultants and Capital Business
7 Brokers solicited Purchaser A, a Washington resident, to purchase a Capital Business Solutions franchise through an
8 internet advertisement. Purchaser A called Capital Business Solutions for additional information, and Capital Business
9 Consultants and Capital Business Brokers sent Purchaser A a sample License Agreement, a sample Independent
10 Broker agreement, and Capital Business Solutions offering material.

11 6. For a one-time \$24,995 fee and an annual \$7,500 fee, Capital Business Consultants and Capital Business
12 Brokers offered Purchaser A the opportunity to operate a business brokerage firm in an exclusive territory, using the
13 Capital Business Solutions trademark, a trademark that Capital Business Brokers owned. As part of the fee, Capital
14 Business Consultants and Capital Business Brokers would also provide Purchaser A with access to its training
15 program, training manual, lead distribution system, business listing software, customer agreements, letterhead
16 templates, continuing education and training sessions, marketing services, electronic contact management system, and
17 to its website www.capitalbbw.com. Furthermore, Capital Business Consultants and Capital Business Brokers stated
18 that a Capital Business Solutions representative would provide Purchaser A with on-site training for one week in
19 Deerfield Beach, Florida.

20 7. For an extra \$350 a month, Capital Business Consultants stated that it would provide Purchaser A with
21 assistance to develop leads, help to improve telemarketing services, business evaluation consulting services, mentoring
22 support services, general accounting advice, an email address, and a profile on the Capital Business Solutions website.

23 8. Capital Business Consultants and Capital Business Brokers reserved the right to exercise quality control over
24 Purchaser A's use and delivery of Capital Business Solutions materials to ensure that Purchaser A met Capital
25 Business Solutions' quality standards

9. Capital Business Consultants and Capital Business Brokers represented to Purchaser A that as a business
broker, Purchaser A could earn a six-figure income, and as much as \$150,000 to \$200,000 per-year. Capital Business
Consultants and Capital Business Brokers further represented to Purchaser A that approximately 5,400,000 businesses
are available for sale each year, that the average sales price for a small business is between \$200,000 to \$300,000, that
the average commission is between 10 to 12 percent of the sales price of the business, and that there are only 3,500
business brokers in the United States.

10. On November 8, 2012, Purchaser A entered into a License Agreement with Capital Business Brokers and Capital Business Consultants and an Independent Broker Agreement with Capital Business Consultants. On the same day, Purchaser A also authorized either Capital Business Brokers or Capital Business Consultants to charge Purchaser A's credit card for \$24,995.00.

11. Additionally, on November 8, 2012, Purchaser A signed an addendum to the License Agreement. The addendum disclosed Capital Business Solutions intention to convert the licensing program into a franchise agreement at the earliest possible time, and it provided some of the terms and conditions of a forthcoming franchise agreement, including a higher franchise fee, a five day training program at the Florida corporate office, and a one week mentoring program at the franchisee's place of business.

12. On December 21, 2012, Capital Business Solutions refunded Purchaser A's \$24,995 payment and cancelled the License Agreement and Independent Broker Agreement. Capital Business Solutions wrote to Purchaser A, stating that it would provide Purchaser A with a Capital Business Solutions franchise agreement once Capital Business Solutions registered its franchise with the state of Washington.

Misrepresentations and Omissions

13. Respondents Capital Business Consultants and Capital Business Brokers failed to disclose the bases and assumptions underlying the financial projections that they provided to Purchaser A.

14. Respondents Capital Business Consultants and Capital Business Brokers failed to disclose the bases and assumptions underlying their claims about the size of the brokerage market, the average sales prices for businesses, the average brokerage commissions, and the number of business brokers in the United States.

15. Respondents Capital Business Consultants and Capital Business Brokers failed to disclose that business brokers that offer or sell a franchise in this state must register as franchise brokers.

Registration Status

16. Respondents Capital Business Consultants and Capital Business Brokers are not currently registered to sell franchises in the state of Washington and have not previously been so registered. There is no notification of exemption for either company on file with the state of Washington. Capital Business Solutions recently filed a franchise registration application with the Securities Division and is currently under review.

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

CONCLUSIONS OF LAW

1. The offer and sale of a license agreement and an addendum to the license agreement described above constitutes the offer and sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

1 2. The offer and sale of a franchise by Capital Business Consultants and Capital Business Brokers violated RCW
19.100.020 because no registration for such offer and sale was on file with the state of Washington Securities
2 Administrator at the time of the sale to Purchaser A.

3 3. The offer and sale of a franchise by Capital Business Consultants and Capital Business Brokers violated RCW
19.100.080 because Capital Business Consultants and Capital Business Brokers failed to provide Purchaser A with a
4 franchise disclosure document that contained the information about the franchise required by RCW 19.100.040.

5 4. The offer and sale of a franchise by Capital Business Consultants and Capital Business Brokers violated RCW
6 19.100.170 because Respondents made untrue statements of material fact or omitted to state material facts necessary to
7 make the statements made, in light of the circumstances under which they were made, not misleading.

8
9 **CONSENT ORDER**

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

11 IT IS AGREED AND ORDERED that Respondents Capital Business Consultants and Capital Business
12 Brokers and their agents and employees shall each cease and desist from offering or selling franchises in violation of
RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

13 IT IS FURTHER AGREED AND ORDERED that Respondents Capital Business Consultants and Capital
14 Business Brokers and their agents and employees shall each cease and desist from violating RCW 19.100.080, the
disclosure document section of the Franchise Investment Protection Act of the state of Washington.

15 IT IS FURTHER AGREED AND ORDERED that Respondents Capital Business Consultants and Capital
16 Business Brokers and their agents and employees shall each cease and desist from violating RCW 19.100.170, the
17 anti-fraud section of the Franchise Investment Protection Act of the state of Washington.

18 IT IS FURTHER AGREED that prior to the entry of this Consent Order, Respondents Capital Business
19 Consultants and Capital Business Brokers shall be jointly and severally liable for and shall pay the Securities
20 Division the costs and other expenses incurred in the investigation of this matter in the amount of \$2,000.

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

22 IT IS FURTHER AGREED that Respondents Capital Business Consultants and Capital Business Brokers
23 enter into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

24 IT IS FURTHER AGREED that in consideration of the foregoing, Capital Business Consultants and Capital
25 Business Brokers waive their right to a hearing and to judicial review of this matter.

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Signed this 4th day of _____ November _____ 2013.

Signed by:

Capital Business Consultants

By _____/s/ _____

Roberta Caputo
President

Signed by:

Capital Business Brokers

By _____/s/ _____

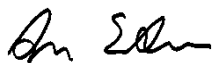
Roberta Caputo
President

SIGNED and ENTERED this 14th day of _____ November _____ 2013.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason

Presented by:



Eric Palosaari

Chief of Enforcement

Enforcement Attorney

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor