

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

IN THE MATTER OF DETERMINING) Order No.: S-14-1510-15-CO01
whether there has been a violation of the)
Business Opportunity Fraud Act of Washington) CONSENT ORDER
by:)
)
AMERICAN BUSINESS ALLIANCE, INC.)
D/B/A BUSINESS ALLIANCE,)
)
Respondents.)

INTRODUCTION

Pursuant to the Business Opportunity Fraud Act of Washington, RCW 19.110, the Securities Division of the Department of Financial Institutions and American Business Alliance, Inc. d/b/a Business Alliance, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

Respondents

1. American Business Alliance d/b/a Business Alliance (“Business Alliance”) is an active Washington State Corporation formed in 1991 under a different name. In 2006, Business Alliance began to offer and sell business opportunities and is presently a Washington State registered franchise broker. Business Alliance’s primary place of business is located at 701 5th Avenue Suite 3510, Seattle, Washington 98104.

Nature of Offering

2. Business Alliance sells a sales and marketing program which is designed to help individuals become successful franchise brokers (“business opportunity”). A franchise broker is a person who directly or indirectly engages in the business of the offer or sale of franchises. Generally, franchise brokers earn revenue through commissions; when a franchise broker successfully brokers the sale of a franchise between a franchisor and franchisee, the franchisor will pay a commission to the franchise broker. Business Alliance represents to potential purchasers that franchise brokers can earn commissions as high as \$30,000 for a single transaction.

3. In exchange of a \$22,900 fee, Business Alliance provides two days of training to potential purchasers of the business opportunity. At this two-day franchise broker training, Business Alliance covers topics including sales training, marketing, legal requirements, franchise regulations, and general business operations.

1 4. Business Alliance offers potential purchasers a money back guarantee. If after the training the potential
2 purchaser is not satisfied with the program, then Business Alliance will give the potential purchaser a full refund, less
3 any travel and compensation costs associated with the Business Alliance trainer.

4 5. Once training is complete and the potential purchaser decides to move forward with the program, the purchase
5 is complete and the potential purchaser becomes a Business Alliance Registered Franchise Consultant (“Franchise
6 Consultant”).

7 6. None of the Franchise Consultants are employees of Business Alliance, but rather each Franchise Consultant
8 is an independent contractor. As independent contractors, Franchise Consultants offering or selling franchises in the
9 state of Washington cannot rely on Business Alliance’s Washington State franchise broker license, but must procure
10 his or her own franchise broker license.

11 7. In addition to the two-day training, Business Alliance also includes in its sales and marketing program access
12 to a franchisor network and industry database. The franchisor networks and industry database is a list of franchisors
13 with whom Business Alliance has entered into representation agreements. In these representation agreements,
14 franchisors grant Business Alliance and its Franchise Consultants with a non-exclusive license to solicit franchisee
15 candidates. These representation agreements also include how much commission the franchisor will pay the franchise
16 broker for brokering the sale of one of its franchises.

17 8. Business Alliance earns 10% of the commissions its Franchise Consultants receive from franchisors listed on
18 the Business Alliance network and industry database. Business Alliance does not collect this 10% when Franchise
19 Consultants broker deals that do not include a franchisor listed on the Business Alliance network and industry
20 database.

21 9. In addition to granting access to the Business Alliance franchisor network and industry database, Business
22 Alliance also provides its Franchise Consultants with ongoing support including a mentorship program, webinars,
23 newsletters, and an informational hotline.

24 10. Prior to the sale of its business opportunity, Business Alliance provides potential purchasers with a disclosure
25 statement. Information found in this disclosure statement include a list of key personnel, litigation history, a
description of its business, an explanation of its fees, a summary of the training program, the number of active
Franchise Consultants, and a recent Business Alliance balance sheet.

Registration Status

11. On March 23, 2007, the state of Washington issued a registration permit to Business Alliance authorizing it to
offer and sell business opportunities in the state of Washington until March 20, 2008. Business Alliance failed to
renew its business opportunity registration the following year. Since March 20, 2008, Business Alliance has sold over
400 unregistered business opportunities from the state of Washington.

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

2 **CONCLUSIONS OF LAW**

3 1. The offer or sale of the Business Alliance sales and marketing program described above constitutes the offer
4 and/or sale of a business opportunity as defined in RCW 19.110.020(1) and RCW 19.110.030(1).

5 2. The offer or sale of said business opportunities is in violation of RCW 19.110.050 because no registration for
6 such offer and/or sale by American Business Alliance, Inc. d/b/a Business Alliance was on file with the Securities
7 Administrator for certain time periods when offers and/or sales occurred.

8 **CONSENT ORDER**

9 Based upon the foregoing, IT IS AGREED AND ORDERED that Respondent American Business Alliance
10 d/b/a Business Alliance, their agents and employees each shall cease and desist from offering or selling business
11 opportunities in violation of RCW 19.110.050, the registration section of the Business Opportunity Fraud Act of the
12 state of Washington.

13 IT IS FURTHER AGREED that prior to the entry of this Consent Order, Respondent American Business
14 Alliance d/b/a Business Alliance shall be liable for and shall pay the Securities Division part of the costs and expenses
15 incurred in the investigation of this matter in the amount of \$1,000.

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

17 IT IS FURTHER AGREED that Respondent American Business Alliance d/b/a Business Alliance enters into
18 this Consent Order freely and voluntarily and with full understanding of its terms and significance.

19 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent American Business Alliance
20 d/b/a Business Alliance waives its right to a hearing in this matter and judicial review of this order.

21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

22 Signed this 2 day of July 2015.

23 Signed by:
24 American Business Alliance, Inc.

25 Approved as to Form by:

/s/
Natalie Barnes
President of American Business Alliance, Inc.

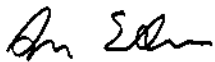
/s/
Robert Hutchins, Attorney for Respondent
WSBA Bar No. 4437

1 SIGNED and ENTERED this 7 day of July 2015.

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6 _____
7 William M. Beatty
8 Securities Administrator

9 Approved by:

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11 _____
12 Suzanne Sarason
13 Chief of Enforcement

14 Presented by:

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17 Brian J. Guerard
18 Financial Legal Examiner

19 Reviewed by:

20 

21 _____
22 Jack McClellan
23 Financial Legal Examiner Supervisor