

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING)
5 Whether there has been a violation of the) Order No. S-14-1555-15-SC01
6 Franchise Investment Protection Act of)
7 Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
8 Feisal Ramjee,) TO ENTER ORDER TO CEASE AND DESIST
9 EP Development, Inc. and)
10 MB Development, Inc.)
11 Respondents.)

12 THE STATE OF WASHINGTON TO: Feisal Ramjee
13 EP Development, Inc. and
14 MB Development, Inc.

15 **STATEMENT OF CHARGES**

16 Please take notice that the Securities Administrator for the state of Washington has reason to believe that
17 Respondents, Feisal Ramjee, EP Development, Inc., and MB Development, Inc., have violated the Franchise
18 Investment Protection Act of Washington, RCW 19.100, and that their violations justify the entry of an order of the
19 Securities Administrator under RCW 19.100.248 against them to cease and desist from such violations. The
20 Securities Administrator finds as follows:

21 **TENTATIVE FINDINGS OF FACT**

22 Respondents

- 23 1. Feisal Ramjee ("Ramjee"), a Washington resident, was the President of EP Development, Inc. and
24 MB Development, Inc.
- 25 2. EP Development, Inc. was a Washington corporation whose primary place of business was in
Redmond, Washington. EP Development, Inc. was an area developer for Extreme Pita, a pita sandwich restaurant
franchisor. EP Development, Inc.'s primary business was to provide support services to prospective and current
franchisees of Extreme Pita. EP Development, Inc. did not have the right to grant, sell, or negotiate the sale of
Extreme Pita franchises.

1 containing a “breakeven analysis” for a prospective Extreme Pita restaurant. Ramjee explained in the email that the
2 spreadsheet showed the prospect’s “take home” would be \$28,080 a year with revenues of \$8,000 a week, including
3 accounting for a manager’s salary of \$24,000 and debt service of \$30,000 a year. Ramjee further stated in the email
4 the once the prospective franchisee’s loan was repaid, the franchisee would earn \$82,080 a year. Ramjee also met with
5 the prospective franchisee in person to discuss the projections contained in the EXCEL spreadsheet. Ramjee did not
6 provide the prospective franchisee with documentation regarding the material basis and assumptions underlying the
7 representations.

8 8. In December 2011, MB Development, Inc. and Ramjee provided the prospective franchisee with
9 projections for a Mucho Burrito restaurant in the form of a document entitled “Operating Income Statement (“the
10 Statement”).” The Statement contained figures for a Mucho Burrito operating in 2010. The Statement showed 2010
11 total sales of \$780,000 and various operating expenses of \$370,987 and net income of \$98,813 after debt service.
12 Ramjee did not provide the prospective franchisee with the material basis and assumptions underlying the
13 representations.

14 9. In July, 2012, the prospective franchisee entered into a written agreement to become a Mucho Burrito
15 franchisee. The franchisee’s Mucho Burrito business failed and Ramjee settled a subsequent civil lawsuit with the
16 franchisee in 2014.

17 Registration Status

18 10. Respondents EP Development, Inc., MB Development, Inc., and Ramjee were not registered as a
19 franchise broker in the state of Washington prior to August 28, 2012, when EP Development, Inc.’s franchise broker
20 application was made effective by the Securities Division.

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

22 **CONCLUSIONS OF LAW**

23 1. The offer or sale of franchises described above constitutes the offer and/or sale of a franchise as
24 defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).
25

1 2. EP Development, Inc., MB Development, Inc., and Ramjee have each violated RCW 19.100.140
2 because, as set forth in the Tentative Findings of Fact, they failed to file a franchise broker registration with the
3 Securities Administrator prior to August, 2012 when offers and /or sales occurred.

4 3. EP Development, Inc., MB Development, Inc., and Ramjee have each violated RCW 19.100.170
5 because, as set forth in the Tentative Findings of Fact, they provided a prospective franchisee with financial
6 performance representations that did not contain all the material information about the representations including, but
7 not necessarily limited to, the material basis and assumptions underlying the representations.

8 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

9 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
10 intends to order that EP Development, Inc., MB Development, Inc., and Feisal Ramjee, their agents and employees
11 each shall cease and desist from violations of RCW 19.100.140 and RCW 19.100.170.

12 **AUTHORITY AND PROCEDURE**


13 This Order is entered pursuant to the provisions of RCW 19.100.248 and is subject to the provisions of
14 Chapter 34.05 RCW. EP Development, Inc., MB Development, Inc., and Feisal Ramjee may each make a written
15 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
16 HEARING accompanying this order. If a respondent does not request a hearing within the allowed time, the
17 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and
18 enter an order to cease and desist permanent as to that respondent.

19 Signed and Entered this 5th day of June, 2015.

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21 WILLIAM M. BEATTY
22 Securities Administrator

23 Approved by:

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25 Suzanne Sarason
Chief of Compliance

Presented by:


Martin Cordell
Financial Legal Examiner

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor