

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 )  
6 Franchise Investment Protection Act of ) Order No. S-17-2189-17-SC01  
7 Washington by: )  
8 Franchise Development, L.P.; Freddy O’Pry ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
9 ) TO ENTER ORDER TO CEASE AND DESIST  
10 )  
11 )  
12 Respondents. )

13 **THE STATE OF WASHINGTON TO:** **Franchise Development, L.P. and Freddy O’Pry**

14 **STATEMENT OF CHARGES**

15 Please take notice that the Securities Administrator for the state of Washington has reason to believe that  
16 Respondents, Franchise Development, L.P. and Freddy O’Pry (“the Respondents”) have each violated the Franchise  
17 Investment Protection Act of Washington, RCW 19.100 and that their violations justify the entry of an order of the  
18 Securities Administrator under RCW 19.100.248 against each to cease and desist from such violations. The Securities  
19 Administrator finds as follows:

20 **TENTATIVE FINDINGS OF FACT**

21 **I.**

22 Parties

- 23 1. Franchise Development, L.P. is a Texas limited liability partnership formed in 2005 that is an  
24 independent franchise brokerage business. Its primary place of business is located in in Richmond, Texas.  
25 2. Freddy O’Pry, a Texas resident, is the founder and managing partner of Franchise Development, L.P.

26 **II.**

27 Nature of the Violation

28 3. In or about March, 2017, Respondents caused to be published in the Seattle Craigslist an  
29 advertisement that offered two existing northeast Washington “Massage Envy” franchises for sale. Massage Envy, an  
30 Arizona limited liability company, was previously registered with the Securities Division to offer and sell franchises  
31 under registration permit number 70012646 and is currently offering franchises in the state under a claim of  
32 exemption, file number 80040448. In the Craigslist ad, Respondents explained that the existing Massage Envy  
33 businesses were priced at \$450,000 each and prospective purchasers were directed to go to the Respondents’ website  
34 at <http://www.franchisedevelopment.com/franchise-inquiry> to complete a franchise information request form.  
35 Respondents required the prospective franchisee to provide contact information and personal financial

1 information such as net worth, credit score and available cash to invest. The Respondents' state on their website that  
2 "in addition to representing almost 300 other individual franchised companies, Franchise Development, as an  
3 independent national franchise brokerage, represents existing Massage Envy franchisees (not the franchisor) who have  
4 contracted with us to help them sell their existing Massage Envy clinics and spas." On their webpage titled "Franchise  
5 Opportunities," Respondents state that they represent "over 250 popular brands, products and services." Respondents  
6 invite prospective franchisees to browse for franchise opportunities in thirty different industry categories ranging from  
automotive to travel franchise businesses.

7 4. Respondents make the statement on their website at <http://franchisedevelopment.com/about-us>  
8 that "...existing Massage Envy clinics/spas average net profits of almost \$225,000 annually..." This statement is false  
9 and/or misleading. The financial performance disclosures in Item 19 of the Massage Envy franchise disclosure  
10 document provides only "net sales" information. The Massage Envy Item 19 disclosure contains the following  
11 disclaimer: "The Net Sales data does not reflect the costs of sales, operating expenses or other costs or expenses that  
12 must be deducted from Net Sales or gross revenue figures to obtain your net income or profit."

### 11 III.

#### 12 Franchise Broker Registration Status

13 5. Neither Respondent is currently registered as a franchise broker to offer or sell franchises in the state  
14 of Washington and neither has previously been so registered.

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

### 16 CONCLUSIONS OF LAW

#### 17 I.

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

#### 20 II.

21 Respondents engaged in the business of offering franchises in the state of Washington and therefore acted as  
22 franchise brokers as defined in RCW 19.100.010(7).

#### 23 III.

24 The Respondents have each violated RCW 19.100.140 because, as set forth in the Tentative Findings of Fact,  
25 neither was registered as a franchise broker with the Securities Administrator at the time offers and/or sales of  
franchises occurred.

IV.

The Respondents have each violated RCW 19.100.170 because, as set forth in the Tentative Findings of Fact, they made an untrue statement of a material fact or omitted to state a material fact, necessary in order to make the statements made in light of the circumstances under which they were made not misleading, regarding the average net profits of existing Massage Envy clinics and spas to prospective franchise offerees.

**NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents Franchise Development, L.P., Freddy O’Pry, and their agents and employees each shall cease and desist from violations of RCW 19.100.140 and RCW 19.100.170.

**AUTHORITY AND PROCEDURE**

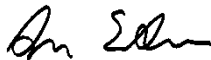
This Order is entered pursuant to the provisions of RCW 19.100.248 and is subject to the provisions of Chapter 34.05 RCW. Respondents may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a respondent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

Signed and Entered this 24th day of May, 2017.



William M. Beatty  
Securities Administrator

Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Martin Cordell  
Financial Legal Examiner

Reviewed by:



Jack McClellan  
Financial Legal Examiner Supervisor