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

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IN THE MATTER OF DETERMINING )  
whether there has been a violation of the )  
Franchise Investment Protection Act of ) Order No. S-17-2215-19-CO01  
Washington by: )  
 ) CONSENT ORDER  
Property Damage Appraisers, Inc. )  
 )  
Respondent. )  
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Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Property Damage Appraisers, Inc. do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

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**FINDINGS OF FACT**

**Respondent**

1. Property Damage Appraisers, Inc. (“PDA”) is a Texas corporation formed in 1963 with its principal place of business in Fort Worth, Texas. PDA is in the business of offering franchises for the establishment and operation of property damage appraisal businesses.

**Conduct**

1. PDA has been registered with the Securities Division to offer and sell franchises in the state under file number 70003126 from at least 1988 to 2017.

2. In order to become registered with the Securities Division, PDA submitted a copies of its Franchise Disclosure Document (“FDD”) with mandated disclosures of material information such as litigation against the company. PDA was required to provide Washington franchise offerees and purchasers a copy of the FDD filed with the Securities Division.

1           3.       From 2015 to 2016, PDA Chief Administrative Officer Katherine Slate filed Certification  
2 forms with the company's registration applications that certified that the material facts in the FDDs were  
3 accurate and did not contain any material omissions. In 2017, PDA Chief Compliance Officer Grady Nance  
4 filed a Certification form with the company's registration application that certified that the material facts in  
5 the FDD were accurate and did not contain any material omissions.

6           4.       From 2015 to 2017, PDA offered and/or sold to Washington residents its "Franchise License  
7 Agreement" that granted them the right to use the PDA trademarks, service marks, logos and trade secrets.  
8 PDA provided its Washington franchisees with property appraisal training and a copy of its operations  
9 manual. PDA charged its franchisees a royalty fee of fifteen percent of weekly gross invoice fees; a  
10 "Factory Fee" of two percent on each invoice generated; and a weekly marketing fee for national  
11 advertising.

12           5.       In March 2015, a Washington PDA franchisee filed a lawsuit ("Lawsuit A") against PDA in  
13 which the franchisee alleged violations of the Washington Franchise Investment Protection Act ("the Act").  
14 PDA had the case removed to a federal district court in Texas, and later settled the case after it had been  
15 dismissed and arbitration of the claims ordered.

16           6.       In May 2015, PDA provided a prospective franchisee an FDD dated April 13, 2015 that did  
17 not disclose Lawsuit A.

18           7.       In June 2015, PDA sold a franchise in Washington to the person who received the PDA FDD  
19 in May 2015 without disclosing Lawsuit A.

20           8.       In December 2015, PDA sold a franchise to a second prospective franchisee after providing  
21 him with an FDD that did not disclose Lawsuit A.

22           9.       PDA did not amend its Washington FDD franchise registration filing to reflect the filing of  
23 Lawsuit A and a subsequent 2016 California lawsuit (Lawsuit B") prior to 2018.  
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## Violations

10. PDA made an untrue statement of a material fact in its 2016 and 2017 registration applications by certifying that its FDDs were accurate and did not contain any material omissions such as the failure to disclose Lawsuit A and Lawsuit B.

11. From 2015 to 2017, PDA failed to notify the Director of the Dept. of Financial Institutions of material changes to the litigation information required in its FDD regarding Lawsuits A and B.

12. PDA failed to disclose material information regarding pending litigation involving Lawsuit A to prospective franchisees and purchasers in 2015.

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

### CONCLUSIONS OF LAW

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

2. PDA's incorrect certifications to the Securities Division that its renewal applications were accurate are in violation of RCW 19.100.170(1).

3. PDA's failure to amend its renewal applications and FDDs to reflect the omission of Lawsuit A and Lawsuit B was in violation of RCW 19.100.070(3).

4. The offer or sale of said franchises was in violation of RCW 19.100.170(2) because PDA failed to provide the franchisees with a complete and accurate franchise disclosure document prior to the sale of the franchises.

### CONSENT ORDER

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

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IT IS FURTHER AGREED AND ORDERED that Respondent Property Damage Appraisers, Inc. and its agents and employees shall each cease and desist from violations of RCW 19.100.170(1), the Violations section of the Act and RCW 19.100.070(3), the Supplemental Report section of the Act.

IT IS FURTHER AGREED AND ORDERED that Respondent Property Damage Appraisers, Inc. and its agents and employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.170(2), the Violations sections of the Act.

IT IS FURTHER AGREED AND ORDERED that Respondent Property Damage Appraisers, Inc. shall be liable for and shall pay investigative costs of \$6,000 prior to the entry of this Consent Order.

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

IT IS FURTHER AGREED that Respondent Property Damage Appraisers, Inc. enters into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Property Damage Appraisers, Inc. waives its right to a hearing and to judicial review of this matter.

Signed this 27th day of August, 2019

Property Damage Appraisers, Inc.

Approved as to form by:

By:   /s/    
Tom Dolfay, CEO

  /s/    
Leslie Curran, Attorney for Respondent

SIGNED and ENTERED this 11th day of September, 2019



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