

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

4 IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Securities Act of Washington by:

5 Maret Manig Casperson;  
6 Jerome Leonard Casperson;  
Franchise Equity Group, Inc.; and  
Franchise Equity Consortium, Inc.;

7 Respondents.

Order No.: S-19-2705-19-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENT TO  
ENTER ORDER TO CEASE AND DESIST,  
TO IMPOSE A FINE,  
AND TO CHARGE COSTS

8 THE STATE OF WASHINGTON TO:

9 Maret Manig Casperson;  
Jerome Leonard Casperson;  
10 Franchise Equity Group, Inc.; and  
Franchise Equity Consortium, Inc.

11  
12 **STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
14 that Respondents Maret Manig Casperson, Jerome Leonard Casperson, Franchise Equity Group, Inc., and  
15 Franchise Equity Consortium, Inc. have each violated the Securities Act of Washington. The Securities  
16 Administrator believes those violations justify the entry of an order against the Respondents to cease and  
17 desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to  
18 impose a fine. The Securities Administrator finds as follows:

19 **TENTATIVE FINDINGS OF FACT**

20 **Respondent**

21 1. Maret Manig Casperson, a/k/a Maret Manig ("Manig"), is believed to currently reside in  
22 Peoria, Arizona or Orange County, California. Respondent Manig was the president of Franchise Equity  
23 Group, Inc. and Franchise Equity Consortium, Inc.

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER ORDER TO  
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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 2. Jerome Leonard Casperson, a/k/a Jerry Leonard (“Leonard”) is believed to currently reside in  
2 Peoria, Arizona or Orange County, California. Leonard was the vice president of client relations for  
3 Franchise Equity Group, Inc. and Franchise Equity Consortium, Inc.

4 3. Franchise Equity Group, Inc. is a Delaware entity formed on August 22, 2013 with its  
5 principal place of business in Irving, Texas. Franchise Equity Group represented to investors that it was in  
6 the business of acquiring and rehabilitating distressed franchises.

7 4. Franchise Equity Consortium, Inc. is a Delaware entity formed on March 13, 2014 with its  
8 principal place of business in Irving, Texas. Franchise Equity Consortium represented to investors that it  
9 was in the business of acquiring and rehabilitating distressed franchises, and that it was also the manager  
10 of a securities offering for a pizzeria franchising company.

11 **Nature of the Conduct**

12 **Offering**

13 5. Between 2013 and 2017, Manig and Leonard are estimated to have sold at least 20,400 shares  
14 in Franchise Equity Group and Franchise Equity Consortium stock to a Washington resident (“Investor A”).  
15 As described in more detail below, Respondents sold these shares to Investor A in small amounts over this  
16 period. The exact amount he spent for his shares is unknown: Investor A paid at least \$70,700.00 to purchase  
17 these shares, covering the remainder of the price of his stock purchases using returns Respondents  
18 represented they owed to Investor A. The Division possesses multiple subscription agreements over the  
19 period of this offering reflecting the pattern of sale and purchase of these shares.

20 6. Investor A was a retired boilermaker and layout worker who had worked in the construction  
21 and repair of marine vessels. Shortly after retiring, Investor A began to receive cold-calls from brokers who  
22 sold him a number of unprofitable investments.

1           7.     Around the fall of 2013, Respondent Leonard cold-called Investor A to solicit the purchase  
2 of Franchise Equity Group stock. Leonard told Investor A that Franchise Equity Group was formed in 2008  
3 by twenty former employees of a well-known billionaire investor. Leonard told Investor A that members  
4 of this investment group each contributed \$120,000.00 to Franchise Equity Group to purchase distressed  
5 franchises of national brands and rehabilitate these businesses. Leonard did not provide the names of these  
6 investors to allow Investor A to confirm their previous employment and the sophistication of the investor  
7 group. Leonard explained to Investor A that this investment was so profitable that none of the investors  
8 wanted to sell their shares; however, one of the investors had passed away, and, instead of holding onto  
9 these shares, the heir to the estate wanted to cash out the investment. For this reason, Leonard told Investor  
10 A, 20,000 shares were available to purchase at \$6.00 per share, with a minimum purchase of 1,000 shares.

11           8.     Leonard told Investor A he would receive a monthly distribution and a yearly bonus on the  
12 amount invested at the end of each year. Leonard told Investor A that between the distributions and year-  
13 end bonus, Investor A could expect to receive a 31% return on his investment. Leonard did not provide a  
14 basis for these unusually high returns.

15           9.     Investor A told Leonard that he could not afford to purchase the minimum number of shares.  
16 Leonard later called back and told Investor A that Leonard was trying to help a teacher who could not afford  
17 the minimum purchase, either. Leonard suggested that he combine Investor A's purchase with that of the  
18 teacher's to meet the minimum purchase amount. Investor A agreed to this arrangement.

19           10.    Leonard sent Investor A paperwork and a prepaid envelope through FedEx. Investor A  
20 completed this paperwork and sent in his check for \$3,000.00. Franchise Equity Group then sent Investor  
21 A a certificate for preferred shares in Franchise Equity Group.

22           11.    Franchise Equity Group mailed Investor A prompt monthly distributions. This began a cycle  
23 of solicitation and investment between Leonard and Investor A. During this period, Leonard ceased to

1 solicit Investor A on the phone for many of these sales, and Franchise Equity Group would instead,  
2 unprompted, send Investor A a new subscription agreement. Investor A's goal was to purchase the entirety  
3 of the shares formerly held by the purportedly deceased investor to achieve increasingly larger monthly  
4 distributions. Investor A would reinvest his upcoming bonus payment before it was paid out to him, and  
5 send in an additional amount of money to cover the balance of the purchase price of the shares he purchased  
6 from Franchise Equity Group. Manig signed the subscription agreements on behalf of Franchise Equity  
7 Group, and Franchise Equity Group would send Investor A a certificate for each investment, which was  
8 signed by Manig as president and secretary.

9 12. Investor A initially paid for his stock purchases with funds from his individual retirement  
10 account. Because he was required to pay tax penalties for making withdrawals from this account, Investor  
11 A secured a bank loan to pay for future purchases of this stock. Investor A is still paying off this loan at this  
12 time.

13 13. Leonard also offered and sold to Investor A shares in Franchise Equity Consortium. The terms  
14 of the stock was similar, but unlike Franchise Equity Group, whose distribution payments arrived promptly  
15 on the 15<sup>th</sup> of each month, its distribution payments were delayed and sometimes did not arrive at all.  
16 Franchise Equity Consortium sent Investor A at least one certificate reflecting his purchase of its stock, and  
17 made at least one distribution to him. Investor A spent at least \$1,900.00 to purchase Franchise Equity  
18 Consortium stock, covering the difference between the money he spent and the purported price of the stock  
19 by directing Respondents to apply the balance of returns Respondents represented they owed him to his  
20 new stock purchase.

21 14. On June 22, 2017, Manig sent Investor A a stock certificate reflecting Investor's A total  
22 ownership of Franchise Equity Group shares. Manig sent this letter after Investor A had reached his goal of  
23 purchasing 20,000 shares. Manig stated that the par value of the shares had increased from \$6.00 per share

1 to \$10.00. Additionally, Manig stated that Franchise Equity Group decided to issue 50,000 new preferred  
2 shares “[a]s a way to say ‘Thank You’ for your trust and being a member of the selective shareholder  
3 family.” Manig offered Investor A the opportunity to purchase these shares at the original share value of  
4 \$6.00.

5 15. Leonard also called Investor A to solicit him to purchase these shares. Leonard told Investor  
6 A that another investor had recently purchased \$150,000.00 in new shares. Leonard asked if Investor A  
7 could purchase that amount. Investor A declined, because he was not able to afford to spend that amount,  
8 but purchased a smaller number of shares.

9 16. In approximately the fall of 2017, Leonard stopped answering Investor A’s calls, and  
10 Franchise Equity Group and Franchise Equity Consortium ceased sending distribution payments. At this  
11 point, Investor had directly invested \$70,700.00 into Respondent companies, covering the difference in  
12 purchase price by directing Respondents to apply the balance of returns Respondents represented they owed  
13 him to his stock purchases. Respondents’ cessation of activity occurred around the time another investor  
14 posted a complaint on the Better Business Bureau website about missed payments from these entities.  
15 Investor A has not been able to contact any of the Respondents since this time.

16 17. Respondents did not disclose to Investor A that Leonard was subject to a permanent injunction  
17 entered by a federal district court in the mid-1990s for his engagement in the fraudulent sale of \$44.7 million  
18 in oil and gas limited partnership and trust investments to mostly elderly investors. In connection with this  
19 permanent injunction, Leonard was also found in civil contempt by the court for failing to comply with the  
20 order to pay more than \$6.3 million in disgorgement. Leonard’s substitution of his middle name for his last  
21 name further concealed these previous actions to investors.

1 **Registration Status**

2 18. Franchise Equity Group and Franchise Equity Consortium are not currently registered to sell  
3 their securities in the State of Washington and have not previously been so registered, nor have they filed a  
4 claim of exemption from registration.

5 19. Leonard and Manig are not currently registered as securities salespersons or broker-dealers in  
6 the State of Washington and have not previously been so registered.

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

8 **CONCLUSIONS OF LAW**

9 1. The offer and sale of Franchise Equity Group and Franchise Equity Consortium shares  
10 described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

11 2. Respondents Leonard, Manig, Franchise Equity Group, and Franchise Equity Consortium  
12 have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents  
13 offered and/or sold securities for which no registration or claim of exemption is on file with the Securities  
14 Administrator.

15 3. Respondents Leonard and Manig have each violated RCW 21.20.040 by offering and selling  
16 said securities while not being registered as securities salespersons or broker-dealers in the State of  
17 Washington.

18 4. Respondents Leonard, Manig, Franchise Equity Group, and Franchise Equity Consortium  
19 have each violated RCW 21.20.010, the anti-fraud provision of the Securities Act of Washington,  
20 because, as set forth in the Tentative Findings of Fact, Respondents made untrue statements of material  
21 fact or omitted to state material facts necessary to make the statements made, in light of the circumstances  
22 in which they were made, not misleading.

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

2           Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
3 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents Leonard, Manig,  
4 Franchise Equity Group, and Franchise Equity Consortium, their agents, and employees each shall cease  
5 and desist from violations of RCW 21.20.010 and RCW 21.20.140, and that Respondents Leonard, Manig,  
6 their agents, and employees each shall cease and desist from violations of RCW 21.20.040.

7                   **NOTICE OF INTENT TO IMPOSE FINES**

8           Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
9 the Securities Administrator intends to order that Respondents Leonard, Manig, Franchise Equity Group,  
10 and Franchise Equity Consortium shall be jointly and severally liable for and shall pay a fine of \$70,000.00.

11                   **NOTICE OF INTENT TO CHARGE COSTS**

12           Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
13 the Securities Administrator intends to order that Respondents Leonard, Manig, Franchise Equity Group,  
14 and Franchise Equity Consortium shall be jointly liable for and shall pay the costs, fees, and other expenses  
15 incurred in the administrative investigation and hearing of this matter, in an amount not less than \$2675.00.

16                   **AUTHORITY AND PROCEDURE**

17           This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject  
18 to the provisions of Chapter 34.05 RCW. The Respondents Leonard, Manig, Franchise Equity Group, and  
19 Franchise Equity Consortium, may each make a written request for a hearing as set forth in the NOTICE  
20 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If  
21 a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to  
22 adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order  
23

1 to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge  
2 any costs sought against that Respondent.

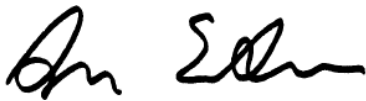
3 Signed and Entered this 12<sup>th</sup> day of August, 2019.

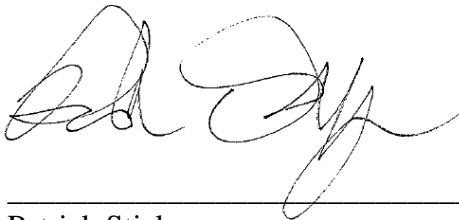
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8 William M. Beatty  
9 Securities Administrator

10 Approved by:

11 Presented by:

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14 \_\_\_\_\_  
15 Suzanne Sarason  
16 Chief of Enforcement

17 \_\_\_\_\_  
18 Patrick Stickney  
19 Financial Legal Examiner

20 Reviewed by:

21 

22 \_\_\_\_\_  
23 Jack McClellan  
Financial Legal Examiner Supervisor