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

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Franchise Investment Protection Act of  
Washington by:

911 Restoration Franchise Inc.

Respondent

Order No. S-20-2971-20-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent 911 Restoration Franchise Inc. do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent 911 Restoration Franchise Inc. neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

**FINDINGS OF FACT**

**Respondent**

1. 911 Restoration Franchise Inc. ("911 Restoration") is a California corporation, established on March 15, 2007, with its principal place of business in Van Nuys, California. 911 Restoration is a franchisor which sells water, fire, and mold damage restoration franchises.

**Prior Enforcement Action**

2. On February 25, 2015, the Securities Division entered into a Consent Order with 911 Restoration. In the Consent Order, the Securities Division alleged that 911 Restoration violated the registration, anti-fraud, and disclosure document provisions of Washington's Franchise Investment Protection Act in connection with the 2009 sale of a franchise to a Washington franchisee and a subsequent 2014 rescission offer to that franchisee. 911 Restoration agreed to cease and desist from violating the registration,

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 anti-fraud, and disclosure document provisions of the Franchise Investment Protection Act and to pay \$1,000  
2 in investigative costs.

### 3 **Nature of the Conduct**

4 3. On May 20, 2019, 911 Restoration filed a Franchise Renewal Application with the Securities  
5 Division. In July 2019, the registration unit of the Securities Division sent a list of specific revisions and  
6 updates that needed to be made to the company's Franchise Disclosure Document (FDD) and additional  
7 information that needed to be submitted to the Securities Division as part of the application. On July 30,  
8 2019, 911 Restoration filed an amended FDD with the requested revisions, updates, and additional  
9 information. On August 7, 2019, the Securities Division renewed 911 Restoration's franchise registration  
10 permit. The permit renewal notice stated that all material changes to any offering circular (including the FDD)  
11 were required to be filed with and authorized by the Securities Administrator prior to use.

12 4. On November 13, 2019, a franchising specialist at 911 Restoration emailed a Franchise  
13 Disclosure Document (FDD) to two residents of Washington. The FDD that was sent to the Washington  
14 residents was an outdated version of the FDD that was dated February 26, 2019. The outdated version of the  
15 FDD did not contain any of the revisions and updates that were submitted to the Securities Division in July  
16 2019. Among other things, the FDD sent to the Washington residents did not contain interim unaudited  
17 financial statements for 2019. The FDD contained outdated information relating to the amount of revenue  
18 that was received by 911 Restoration from the sale of franchises. The FDD also included outdated financial  
19 performance representations from 2016, which had been removed from the FDD that was submitted to the  
20 Securities Division in July 2019.

21 5. On November 28, 2019 and November 29, 2019, 911 Restoration executed franchise  
22 agreements with Washington residents for the operation of 911 Restoration franchises in two adjacent  
23 territories in Washington. Under the agreements, the franchisees were required to pay a total of \$48,000 in

1 franchisee fees. The Washington residents paid the franchise fees to 911 Restoration in December 2019 and  
2 April 2020.

3 6. In July 2020, counsel for 911 Restoration self-reported the company's violation of the  
4 Franchise Investment Protection Act of Washington, and subsequently provided additional information and  
5 documents to the Securities Division.

### 6 **Registration Status**

7 7. Respondent 911 Restoration Franchise Inc. is currently registered to sell its franchises in the  
8 state of Washington (File No. 70014419). 911 Restoration Franchise Inc. has been registered to sell franchises  
9 since approximately 2015. 911 Restoration Franchise Inc. was previously registered to sell franchises in 2009  
10 and 2010.

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

### 12 **CONCLUSIONS OF LAW**

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

15 2. The offer or sale of said franchises was in violation of RCW 19.100.080 because 911  
16 Restoration Franchise Inc. failed to furnish to a prospective franchisee with a copy of its current disclosure  
17 document at least fourteen days prior to the execution of a franchise agreement.

### 18 **CONSENT ORDER**

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

20 IT IS AGREED AND ORDERED that Respondent 911 Restoration Franchise Inc., and its agents and  
21 employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.080,  
22  
23

1 the franchise disclosure document section of the Franchise Investment Protection Act of the state of  
2 Washington.

3 IT IS FURTHER AGREED AND ORDERED that Respondent 911 Restoration Franchise Inc. shall  
4 be liable for and shall pay investigative costs of \$2,000 prior to the entry of this Consent Order.

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

6 IT IS FURTHER AGREED that Respondent 911 Restoration Franchise Inc. enters into this Consent  
7 Order freely and voluntarily and with a full understanding of its terms and significance.  
8

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent 911 Restoration  
10 Franchise Inc. waives its right to a hearing and to judicial review of this matter.  
11

12 Signed this 21 day of October, 2020

13  
14 Signed by:  
15 911 Restoration Franchise Inc.

16 By /s/  
17 Idan Shpizear  
18 CEO  
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23

1 SIGNED and ENTERED this 27th day of October, 2020

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4  
5 \_\_\_\_\_  
6 William M. Beatty  
7 Securities Administrator

8 Approved by:

9 Presented by:

10 

11 

12 \_\_\_\_\_  
13 Suzanne Sarason  
14 Chief of Enforcement

15 \_\_\_\_\_  
16 Robert Kondrat  
17 Financial Legal Examiner