

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

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

Aeroseal, Inc., Robert Hageman, Mark Modera,  
their employees and agents,

Respondents.

SDO - 017 - 02

CONSENT ORDER

Case No. 02-02-066

THE STATE OF WASHINGTON TO:

Aeroseal, Inc.  
Robert Hageman  
Mark Modera

**INTRODUCTION**

The Securities Division, Department of Financial Institutions, State of Washington, and Respondents, Aeroseal, Inc., Robert Hageman, and Mark Modera do hereby agree to this Consent Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative Findings of Fact and Conclusions of Law as set forth below.

**TENTATIVE FINDINGS OF FACT**

**I.**

Aeroseal Inc. is a Delaware corporation having a principal business address of 115 East St. Elmo, Austin, Texas. Robert Hageman is the Chief Executive Officer and Mark Modera is the President of Aeroseal, Inc.

**II.**

Aeroseal, Inc. is in the business of utilizing patented technology to provide duct-sealing services for heating, ventilation, and/or air conditioning (HVAC) systems. The technology involves a method for sealing HVAC leaks remotely by means of injecting a previously-prepared aerosol into the enclosure being sealed and utilizes an overall system for diagnostics, sales, and performance of duct-improvement services.

III.

In approximately October of 1998, Aeroseal, Inc., began offering franchises to operate businesses utilizing the patented duct-sealing technology. Purchasers of the franchises were obligated to pay an initial and equipment fee upon execution of a franchise agreement and in turn were entitled to receive manuals and other information concerning operation of the business, training in the use of equipment, use of the Aeroseal, Inc. mark, and the right to operate in a particular market area. Between the period of August of 2000 and March of 2001, Aeroseal, Inc. sold five franchises to Washington residents for market areas located in the State of Washington. These sales were made by, or effected through, Robert Hageman as the Chief Executive Officer or Mark Modera as the President of Aeroseal, Inc.

IV.

Aeroseal, Inc. is not currently registered to offer and/or sell franchises in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

I.

The offer and/or sale of franchises to operate businesses utilizing Aeroseal, Inc.'s patented duct-sealing technology as described above constitutes the offer and/or sale of franchises as defined in RCW 19.100.010(4).

II.

The offer and/or sale of five franchises for market areas located in the State of Washington as described above was in violation of RCW 19.100.020, the registration requirement provision of the Washington Franchise Investment Protection Act, because no franchise registration was in effect at the time of offers and sales in this state.

ORDER AND CONSENT

Based on the premises of the foregoing:

IT IS THEREFORE AGREED AND ORDERED That Respondents Aeroseal, Inc., Robert Hageman, Mark Modera, and their employees and agents each shall refrain from the offer and sale of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS THEREFORE AGREED AND ORDERED That Respondents Aeroseal, Inc., Robert Hageman, and Mark Modera shall inform all of their employees and agents who offer franchises in Washington State of the existence and contents of this Order for a period of three years from the date of entry of this Order.

IT IS THEREFORE AGREED AND ORDERED That this Order will remain in force and effect for a period of three years from the date of entry of this Order.

IT IS THEREFORE AGREED That Respondents Aeroseal, Inc., Robert Hageman, and Mark Modera each waive their rights to a hearing in this matter.

IT IS THEREFORE AGREED That Respondent Aeroseal, Inc. shall reimburse the Securities Division \$500, payable prior to the entry of this Order, for its costs of investigation of this matter.

IT IS THEREFORE AGREED That the Securities Division has jurisdiction to enter this Order.

WILLFUL VIOLATION OF AN ORDER OF THE SECURITIES ADMINISTRATOR IS A FELONY.

Aeroseal, Inc., by:

\_\_\_\_\_, signed this \_\_\_\_\_ day of \_\_\_\_\_, 2002.  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

Robert Hageman:


\_\_\_\_\_, signed this \_\_\_\_\_ day of \_\_\_\_\_, 2002.  
(Signature)

Mark Modera:

\_\_\_\_\_, signed this \_\_\_\_\_ day of \_\_\_\_\_, 2002.  
(Signature)

This Order entered by the Securities Division this 29th day of March, 2002

By:

  
\_\_\_\_\_  
Deborah R. Bortner  
Securities Administrator

Approved for entry by:

Presented by:

\_\_\_\_\_  
Michael Stevenson  
Chief of Compliance

\_\_\_\_\_  
Brad Ferber  
Financial Legal Examiner