

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:

Armaguard Coatings, Inc., d.b.a. Ameraguard

Respondent.

SDO - 115 - 00

CONSENT ORDER

Case No. 00-10-0446

THE STATE OF WASHINGTON TO:

Armaguard Coatings, Inc., d.b.a. Ameraguard
10 Rayborn Crescent
St. Albert, Alberta, Canada T8N 5C4

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondent, Armaguard Coatings, Inc., d.b.a. (doing business as) Ameraguard, hereby agree to this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

Armaguard Coatings, Inc., d.b.a. Ameraguard in the United States, is a corporation organized under the laws of Alberta, Canada, with its principal place of business located at 10 Rayborn Crescent, St. Alberta, Alberta, Canada.

II.

Armaguard Coatings, Inc. is a seller of dealerships for businesses that will spray protective polyurethane coatings as pickup truck bed liners. Dealers may also apply polyurethane coatings as van liners, on RV fronts and roofs, as protective coatings for other recreational and commercial vehicles, watercraft, machines and equipment, and may apply the coatings to commercial and industrial buildings, outdoor

CONSENT ORDER

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

Armaguard Coatings, Inc.
d.b.a. Ameraguard

1 installations, and other facilities. The total cost of establishing an Ameraguard dealership varies between
2 \$26,900 and \$46,000, half of which is due upon the signing of a "Dealership Agreement." Dealers are entitled
3 to receive (among other things) Ameraguard's Dealer Manual and other copyrighted materials, training in the
4 operation of the business, and the right to the use of current or future Ameraguard trade names, trademarks,
5 service marks and logos.

6 III.

7 On September 6, 2000, Armaguard Coatings, Inc., d.b.a. Ameraguard, filed or caused to be filed with
8 the Securities Division an initial application and associated materials to register its Ameraguard dealership
9 opportunity (franchise registration application file number F-03410) pursuant to Washington's Franchise
10 Investment Protection Act, Ch. 19.100 RCW. The initial franchise registration application indicated that
11 Armaguard Coatings, Inc., d.b.a. Ameraguard, had offered and sold at least one dealership in Washington prior
12 to filing the application to register with the Securities Division to offer or sell franchises in this state.
13 Subsequent inquiry revealed that Armaguard Coatings, Inc., d.b.a. Ameraguard, offered and sold three
14 dealerships in the State of Washington (one dealer having left the system) and failed to provide to all of them a
15 Uniform Franchise Offering Circular disclosure document containing complete material information regarding
16 the dealership opportunity.

17 IV.

18 Armaguard Coatings, Inc., d.b.a. Ameraguard, has not previously been registered with the Securities
19 Division to offer or sell franchises in the State of Washington.

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

21 CONCLUSIONS OF LAW

22 I.

23 The offer and/or sale of the dealership opportunities described in Tentative Findings of Fact I through
24 III above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4).

1 II.

2 The offer and/or sale of the dealership opportunity as described in Tentative Finding of Fact I through III
3 above was made in violation of RCW 19.100.080, the disclosure document provision of the Franchise Investment
4 Protection Act, because Armaguard Coatings, Inc., d.b.a. Ameraguard, failed to provide the Washington dealer
5 with a Uniform Franchise Offering Circular disclosure document containing complete material information
6 regarding the dealership opportunity.

7 III.

8 The offer and/or sale of the dealership opportunity as described in Tentative Findings of Fact I through
9 IV above was made in violation of RCW 19.100.020, the registration requirement provision of the Franchise
10 Investment Protection Act, because no franchise registration was in effect with the Administrator of Securities
11 of the State of Washington nor was a permit issued to Respondent Armaguard Coatings, Inc., d.b.a.
12 Ameraguard, for the offer and/or sale of franchises at the time of the offer and sale of the franchise in the State
13 of Washington.

14 ORDER AND CONSENT

15 Based on the premises of the foregoing:

16 IT IS THEREFORE AGREED AND ORDERED that Armaguard Coatings, Inc., d.b.a. Ameraguard, and its
17 employees and agents, shall each shall cease and desist from the offer and sale of unregistered franchises in the State
18 of Washington in violation of RCW19.100.020.

19 IT IS THEREFORE AGREED AND ORDERED that Armaguard Coatings, Inc., d.b.a. Ameraguard, and its
20 employees and agents, shall each shall cease and desist from the offer and sale of franchises in the State of
21 Washington in violation of RCW19.100.080, the disclosure document requirement provision of the Franchise
22 Investment Protection Act.

23 IT IS THEREFORE AGREED AND ORDERED that Armaguard Coatings, Inc., d.b.a. Ameraguard, shall
24

25 CONSENT ORDER

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26 Armaguard Coatings, Inc.
27 d.b.a. Ameraguard

1 inform its current Washington franchisee of the existence and contents of this Order.

2 IT IS THEREFORE AGREED AND ORDERED that Armaguard Coatings, Inc., d.b.a. Ameraguard, shall
3 use its reasonable best efforts to inform the past Washington franchisee of the existence and contents of this Order.

4 IT IS THEREFORE AGREED AND ORDERED that Armaguard Coatings, Inc., d.b.a. Ameraguard, shall
5 inform all employees and agents who offer franchises in this state of the existence and contents of this
6 Order for a period of three years from the date of entry of this Order.

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

9 IT IS THEREFORE AGREED that Armaguard Coatings, Inc., d.b.a. Ameraguard, shall reimburse the
10 Securities Division \$200 for its costs of investigation payable prior to the Securities Division's entry of this Order.

11 IT IS THEREFORE AGREED that Armaguard Coatings, Inc., d.b.a. Ameraguard, waives its rights to a
12 hearing in this matter.

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

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

15 Armaguard Coatings, Inc., d.b.a. Ameraguard, by:

16 _____
17 (Signature)

18 _____ Signed this _____ day of _____, 2000.
19 (Print Name and Title)

20 This Order entered by the Securities Division this 26th day of December, 2000.

21 By:

22 

23 _____
24 Deborah R. Bortner
25 Securities Administrator

26 CONSENT ORDER

27 Armaguard Coatings, Inc.
d.b.a. Ameraguard

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Approved by:

Presented by:

Michael Stevenson
Chief of Compliance

Brad Ferber
Securities Examiner