

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

4 IN THE MATTER OF DETERMINING)
5 Whether there has been a violation of the)
6 Franchise Investment Protection Act of) Order No. S-16-1857-SC01
7 Washington by:)
8) STATEMENT OF CHARGES AND NOTICE OF INTENT
9 Perma Treat, Inc. and Terry Alan Rennie,) TO ENTER ORDER TO CEASE AND DESIST
10)
11 Respondents.)

12 **THE STATE OF WASHINGTON TO:** **Perma Treat, Inc. and Terry Alan Rennie**

13 **STATEMENT OF CHARGES**

14 Please take notice that the Securities Administrator for the state of Washington has reason to believe that
15 Respondents Perma Treat, Inc. and Terry Alan Rennie (the "Respondents") have each violated the Franchise
16 Investment Protection Act of Washington, RCW 19.100, and that their violations justify the entry of an order of the
17 Securities Administrator under RCW 19.100.248 against each to cease and desist from such violations. The Securities
18 Administrator finds as follows:

19 **TENTATIVE FINDINGS OF FACT**

20 **I.**

21 Parties

22 1. Perma Treat, Inc. is a Nevada corporation with its principal place of business in Bend, Oregon. Perma
23 Treat, Inc. is in the business of cleaning, treating, and repairing hard surfaces such as granite and tile using a special
24 process and its proprietary Perma Treat products. Perma Treat, Inc. offers franchises for sale for an initial fee of
25 \$50,000.

2. Terry Alan Rennie is the owner and principal of Perma Treat, Inc.

26 **II.**

27 Nature of the Offering

28 3. In or about July, 2015, Perma Treat, Inc. and Terry Rennie told a then Hawaii resident that he would
29 soon be filing a franchise registration application in Washington State. Rennie told the Hawaii resident that the initial

1 franchise fee would be \$50,000. In the interim, Rennie proposed a joint venture arrangement to the Hawaii resident
2 operate a Perma Treat, Inc. store to be located in Washington. The Hawaii resident became a Washington resident
3 (“the Resident”) shortly thereafter. Rennie entered into an oral agreement with the Resident in which the Resident
4 would own a 45% interest in the joint venture, but would receive 55% of the profits. Terry Rennie told that the
5 Resident that they would be entering into a formal franchise arrangement in the future. Terry Rennie agreed to
6 provide the Resident with training to enable the Resident to operate his own business, provide proprietary Perma
7 Treat, Inc. products, and allowed the Resident to operate using the Perma Treat, Inc. names and marks. Rennie agreed
8 to allow the Resident to pay the initial franchise fee in installments and that amounts that the Resident contributed to
9 the joint venture would be as treated as payment of the franchise fee.

10 4. In or about August, 2015, the Resident rented a house in King County with the intent to run his Perma
11 Treat business from his home. The Resident obtained insurance and other licenses in August, 2015 in anticipation of
12 operating the business. The Resident spent approximately one month learning the business by working in Terry
13 Rennie’s Bend, Oregon Perma Treat, Inc. business and in a Portland area store. In or about September, 2015, the
14 Resident purchased equipment and supplies and began operating his King County area Perma Treat business from his
15 home. Respondents sold the Resident the proprietary products needed to service customers. The Resident contributed
16 over \$20,000 to the joint venture that would be counted towards payment of the Resident’s initial fee. Terry Rennie
17 provided the Resident with marketing support by arranging for television advertising for the business. Terry Rennie
18 also provided the Resident with advice on various jobs undertaken for customers.

19 5. In or about July, 2015, when the Respondents and the Resident entered into the oral joint venture
20 agreement for the Resident to operate a Washington Perma Treat store, Respondents did not provide the Resident with
21 a franchise disclosure document. Terry Rennie did provide the Resident with a franchise disclosure document on or
22 after December 21, 2015 and before a franchise agreement was signed between the parties in January, 2016. The
23 franchise agreement formalized the joint venture agreement between Respondents and the Resident and allowed the
24 Resident to pay the initial franchise fee in installments.
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III.

Registration Status

6. From July, 2015 to December 21, 2015, Respondents Perma Treat, Inc. and Terry Alan Rennie were not registered to sell franchises in the state of Washington. Perma Treat, Inc. filed an initial franchisee registration application with the Securities Division to offer and sell franchises on July 29, 2015. The Perma Treat franchise registration application was under pending status until a permit to offer and sell Perma Treat franchises was issued by the Securities Division on December 21, 2015 under registration file number 70015841.

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

CONCLUSIONS OF LAW

I.

The offer or sale of Perma Treat, Inc. joint venture agreement described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

II.

The offer or sale of said joint venture/franchise in 2015 is in violation of RCW 19.100.020 because no registration for such offer and/or sale by Perma Treat, Inc. was on file with the Securities Administrator for certain time periods when offers and /or sales occurred.

III.

The offer and/or sale of said franchises were in violation of RCW 19.100.080, the disclosure document requirement provision of the Franchise Investment Protection Act, because Respondents failed to provide prospective purchasers with a current disclosure document that contained all material information about the franchise including, but not necessarily limited to financial statements.

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NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Perma Treat, Inc. and Terry Alan Rennie, their agents and employees each shall cease and desist from violations of RCW 19.100.020 and RCW 19.100.080.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 19.100.248 and is subject to the provisions of Chapter 34.05 RCW. Perma Treat, Inc. and Terry Alan Rennie may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a respondent does not request a hearing within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease and desist permanent as to that respondent.

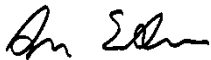
Signed and Entered this 26th day of April, 2016.



William M. Beatty
Securities Administrator

Presented by:

Approved by:



Suzanne Sarason
Chief of Enforcement



Jack McClellan
Financial Legal Examiner Supervisor



Cordell, Martin
Financial Legal Examiner

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**STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER ORDER TO
CEASE AND DESIST**

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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