STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

2	SECURITIES DIVISION	
3	IN THE MATTER OF DETERMINING Whether there has been a violation of the Franchise Investment Protection Act of	der No. S-14-1555-15-SC01
4	Washington by: ST.	ATEMENT OF CHARGES AND NOTICE OF INTENT ENTER ORDER TO CEASE AND DESIST
5	5 Feisal Ramjee,	
	EP Development, Inc. and	
6	6 MB Development, Inc.	
	Respondents.	
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	THE STATE OF WASHINGTON TO:	eisal Ramjee
8	8 E	P Development, Inc. and
		IB Development, Inc.
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U	STATEMENT OF CHARGES	

Please take notice that the Securities Administrator for the state of Washington has reason to believe that Respondents, Feisal Ramjee, EP Development, Inc., and MB Development, Inc., have violated the Franchise Investment Protection Act of Washington, RCW 19.100, and that their violations justify the entry of an order of the Securities Administrator under RCW 19.100.248 against them to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

- 1. Feisal Ramjee ("Ramjee"), a Washington resident, was the President of EP Development, Inc. and MB Development, Inc.
- 2. EP Development, Inc. was a Washington corporation whose primary place of business was in Redmond, Washington. EP Development, Inc. was an area developer for Extreme Pita, a pita sandwich restaurant franchisor. EP Development, Inc.'s primary business was to provide support services to prospective and current franchisees of Extreme Pita. EP Development, Inc. did not have the right to grant, sell, or negotiate the sale of Extreme Pita franchises.

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3. MB Development, Inc. was a Washington corporation whose primary place of business was in Redmond, Washington. MB Development, Inc. was an area developer of Mucho Burrito, a Mexican restaurant franchisor. MB Development, Inc.'s primary business was to provide support services to prospective and current franchisees of Mucho Burrito. MB Development, Inc. did not have the right to grant, sell, or negotiate the sale of Mucho Burrito franchises.

Nature of the Violations

- 4. Extreme Pita Franchising USA, Inc. ("EPF") and Mucho Burrito Franchising USA, Inc. ("MBF") are affiliated companies that are in the business of offering "fast casual restaurant" franchises. EPF and MBF registered the offering of their franchises with the Securities Division in 2004 and 2010 respectively. EPF and MBF entered into contracts with Feisal Ramjee, EP Development, Inc. and MB Development, Inc. to act on their behalf as area developers. The area developers, who are independent contractors, assisted EBF and MBF in marketing for, locating and supporting their respective franchisees. EBF and MBF paid its area developers a commission for each franchise opened and a percentage of the royalty fees collected from franchisees.
- 5. In or about September 2011, EP Development, Inc. and Ramjee, acting as an area developer for Extreme Pita met with a prospective Washington franchisee and provided him with information about the potential opportunity to become an Extreme Pita franchisee. Later MB Development, Inc. and Ramjee acting on behalf of Mucho Burrito, discussed with the prospective franchisee the opportunity to become a Mucho Burrito franchisee.
- 6. Over the course of approximately seven months, EPF, MBF, Ramjee, Extreme Pita and Mucho Burrito provided the prospective franchisee with versions of the companies' respective Franchise Disclosure Documents ("FDDs"). The FDDs provided to the prospective franchisee stated that each franchisor did not make any representations about a franchisee's future performance or the past performance of company-owned or franchised outlets. Extreme Pita and Mucho Burrito further stated to the prospective franchisee in their respective FDDs that neither authorized their employees or representatives to make any such representation either orally or in writing.
- 7. In the course of the ongoing discussions with the prospective franchisee in 2011, EP Development, Inc. and Ramjee, on their own initiative, provided the prospect with an email containing an EXCEL spreadsheet

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containing a "breakeven analysis" for a prospective Extreme Pita restaurant. Ramjee explained in the email that the spreadsheet showed the prospect's "take home" would be \$28,080 a year with revenues of \$8,000 a week, including accounting for a manager's salary of \$24,000 and debt service of \$30,000 a year. Ramjee further stated in the email the once the prospective franchisee's loan was repaid, the franchisee would earn \$82,080 a year. Ramjee also met with the prospective franchisee in person to discuss the projections contained in the EXCEL spreadsheet. Ramjee did not provide the prospective franchisee with documentation regarding the material basis and assumptions underlying the representations.

- 8. In December 2011, MB Development, Inc. and Ramjee provided the prospective franchisee with projections for a Mucho Burrito restaurant in the form of a document entitled "Operating Income Statement ("the Statement")." The Statement contained figures for a Mucho Burrito operating in 2010. The Statement showed 2010 total sales of \$780,000 and various operating expenses of \$370,987 and net income of \$98,813 after debt service. Ramjee did not provide the prospective franchisee with the material basis and assumptions underlying the representations.
- 9. In July, 2012, the prospective franchisee entered into a written agreement to become a Mucho Burrito franchisee. The franchisee's Mucho Burrito business failed and Ramjee settled a subsequent civil lawsuit with the franchisee in 2014.

Registration Status

10. Respondents EP Development, Inc., MB Development, Inc., and Ramjee were not registered as a franchise broker in the state of Washington prior to August 28, 2012, when EP Development, Inc.'s franchise broker application was made effective by the Securities Division.

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

CONCLUSIONS OF LAW

1. The offer or sale of franchises 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).

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Approved by:

Suzanne Sarason

Chief of Compliance

2. EP Development, Inc., MB Development, Inc., and Ramjee have each violated RCW 19.100.140 because, as set forth in the Tentative Findings of Fact, they failed to file a franchise broker registration with the Securities Administrator prior to August, 2012 when offers and /or sales occurred.

3. EP Development, Inc., MB Development, Inc., and Ramjee have each violated RCW 19.100.170 because, as set forth in the Tentative Findings of Fact, they provided a prospective franchisee with financial performance representations that did not contain all the material information about the representations including, but not necessarily limited to, the material basis and assumptions underlying the representations.

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 EP Development, Inc., MB Development, Inc., and Feisal Ramjee, their agents and employees each shall cease and desist from violations of RCW 19.100.140 and RCW 19.100.170.

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. EP Development, Inc., MB Development, Inc., and Feisal Ramjee 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 5th day of June, 2015.

WILLIAM M. BEATTY Securities Administrator

Presented by:

Martin Cordell

Financial Legal Examiner

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Reviewed by:

Jack McClellan

Financial Legal Examiner Supervisor

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

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