STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the) Order No.: S-16-1888-16-CO01
Franchise Investment Protection Act of) CONSENT ORDER
Washington by:)
CGI International, Inc.;)
Respondent.)

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent, CGI International, Inc., enter into this consent order to settle the allegations below. Respondent CGI International, Inc. neither admits nor denies the following Findings of Fact or Conclusions of Law:

FINDINGS OF FACT

Respondent

CGI International, Inc. is a Minnesota corporation formed for the purpose of franchising businesses that 1. restore and repair leather, vinyl, velour, cloth, and hard plastics. CGI International, Inc. operates its franchise system using the name "Color Glo."

Nature of the Offering

- 2. CGI International, Inc. has franchised leather, vinyl, velour, cloth, and hard plastics restoration businesses for years, and had previously entered into a franchise agreement with a Washington unit franchisee.
- 3. Between 2001 and 2011, the Washington unit franchisee entered into four separate agreements, all with Washington residents. The agreements allowed the Washington residents to operate a Color Glo business within different parts of the Washington unit franchisee's Washington territory.
- 4. Each agreement allowed the Washington resident to use the CGI International, Inc. trademarks for his or her Color Glo business.
- The agreement provided that Color Glo training, Color Glo products, Color Glo advertising and training materials, and Color Glo manuals, would all be made available to the Washington residents.
- 6. As part of the agreement, the Washington residents agreed to pay CGI International, Inc. at least \$150 per month in the first year, at least \$200 per month in the second year, and at least \$300 per month for every year after.
- 7. CGI International, Inc. was aware of these agreements and received the monthly royalty payments described above.
- 8. Three of the four agreements with the Washington unit franchisee are still in effect.

Registration Status 1

CONSENT ORDER

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9. CGI International, Inc. was previously registered to offer and sell unit franchises in Washington, but the company's application and permit did not provide for CGI International, Inc.'s offer and sale of subfranchises.

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

CONCLUSIONS OF LAW

- 1. The Washington residents described above operated franchises as defined by RCW 19.100.010(6).
- 2. The sale of a Color Glo business to the Washington residents constitutes the sale of a subfranchise defined in in RCW 19.100.010(17) and RCW 19.100.010(18).
- 3. The sale of these subfranchises was in violation of RCW 19.100.020 because no registration for the sale was on file with the Securities Administrator of the state of Washington at the time of the sale of the subfranchises.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondent CGI International, Inc., its agents, and employees shall each cease and desist from offering or selling subfranchises in violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED that prior to entry of this Consent Order, Respondent CGI International shall be liable for and shall pay the Securities Division the costs and expenses incurred in the investigation of this matter in the amount of \$1,250.

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

IT IS FURTHER AGREED that Respondent CGI International, Inc. enters into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, CGI International, Inc. waives its right to a hearing and to judicial review of this matter.

Signed this day of	2016.
CGI International, Inc.	
By/s/	

President

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2	Approved as to form by:	
3	Brian Schnell, Attorney for Respondent	
4	Brian Schnen, Attorney for Respondent	
5	SIGNED and ENTERED this <u>19th</u>	day of2016.
6	STOTED and ENTERED and True	
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10		William M. Beatty
11		Securities Administrator
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14	An Ellen	ENCOPLED JAK
L5	Suzanne Sarason	Eric Palosaari
16	Chief of Enforcement	Financial Legal Examiner
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L8	Reviewed by:	
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20	Jack McClellan	
22	Financial Legal Examiner Supervisor	
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