

1  
2  
3  
4  
5  
6  
7  
8

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

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

CEILING PRO INTERNATIONAL  
INCORPORATED; BRAD MATUSHAK; their  
agents and employees,

Respondents

SDO - 71 - 01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER  
TO CEASE AND DESIST

Case No. 99-09-267

9 THE STATE OF WASHINGTON TO: Brad Matushak  
10 Ceiling Pro International Incorporated  
11 7456 Washington Avenue South  
12 Eden Prairie, Minnesota 55344

13 On August 16, 2001, the Securities Administrator of the State of Washington issued Summary Order to Cease  
14 and Desist SDO-60-01 hereinafter referred to as "Summary Order."

15 The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing (hereinafter  
16 referred to as "Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing (hereinafter referred  
17 to as "Application for Hearing") thereon, were served via certified mail on Respondents Brad Matushak and Ceiling  
18 Pro International Incorporated on August 20, 2001. The Notice of Opportunity for Hearing advised Respondents that  
19 they had twenty days from the date they received the notice to file a written application for an administrative hearing  
20 on the Summary Order.

21 Each of the Respondents declined to request an administrative hearing within twenty days of its receipt of the  
22 Summary Order and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

23 The Securities Administrator therefore adopts as final the findings of fact and conclusions of law as set forth in  
24 the Summary Order.

25 ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF  
LAW AND FINAL ORDER TO CEASE AND DESIST

1

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

27

1 The Securities Administrator makes the following findings of fact and conclusions of law:

2 FINDINGS OF FACT

3 I.

4 Ceiling Pro International Incorporated (“Ceiling Pro”) is a Minnesota corporation with a primary place of  
5 business located at 7456 Washington Avenue South, Eden Prairie, Minnesota 55344. Ceiling Pro is in the  
6 business of cleaning acoustic and other ceilings using specified products and methods.

7 II.

8 Brad Matushak (“Matushak”) was the president of Ceiling Pro International at all times material.

9 III.

10 **Nature of the Offering**

11 Ceiling Professional International Incorporated maintains a website on the World Wide Web located at  
12 [www.cpihq.com](http://www.cpihq.com). This website provides viewers with information regarding the possibility of opening a Ceiling  
13 Pro dealership. To receive more information one must simply fill out an electronic request form.

14 In 1999, Ceiling Pro provided at least one Washington resident with information regarding the possibility  
15 of opening a Ceiling Pro dealership. The Washington resident was provided with an informational folder, a  
16 video and a written dealer agreement. This information included a flyer that calculated potential earnings for a  
17 full-time dealer as \$99,240. The Washington resident was not provided with a complete Uniform Franchise  
18 Offering Circular (UFOC) or financial statements for Ceiling Pro.

19 At least one Washington resident executed a dealer agreement with Ceiling Pro and paid the required fee.  
20 As recently as 1999, Ceiling Pro advertised in local Washington newspapers to interest potential dealers. The  
21 website currently solicits all Internet viewers, including Washington residents, as potential dealers.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

IV.

**Nature of the Agreement**

The dealer agreement grants the dealer the right to use the trademarks “Ceiling Pro” or Ceiling Professional” in the course of the business carried on by the dealer. The dealer agreement requires the potential dealer to pay an up-front, lump-sum fee of \$12,900. Subsequent to the purchase of the dealership, the dealer must purchase all additional solutions and concentrates from Ceiling Pro.

Upon execution of the agreement, Ceiling Pro will provide the dealer with two main resources that explain how a dealer should conduct business. First, Ceiling Pro will provide an Operations Manual. The dealer agreement requires that the dealer will “professionally clean acoustic and other ceilings using machinery, equipment, cleaning solutions, and concentrates supplied by [Ceiling Pro] in an active manner pursuant to the terms and conditions of [Ceiling Pro’s] Operations Manual.” The operations manual explains the techniques, processes and procedures that shall be used in the course of business. Second, Ceiling Pro will provide a reasonable amount of qualified instructor training time in the field and classroom, not to exceed 16 hours.

V.

Ceiling Pro International Incorporated is not currently registered to sell its franchises in the state of Washington and has not previously been so registered.

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

**CONCLUSIONS OF LAW**

I.

The offer and/or sale of the Ceiling Pro International Incorporated dealership described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(16) and RCW 19.100.010(4).

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

II.

The offer and/or sale of said franchise is in violation of RCW 19.100.020 because no registration or notification of claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of Washington and it appears that the respondent does not otherwise qualify for an exemption from registration.

III.

The offer and/or sale of said franchise was made in violation of RCW 19.100.170 because Ceiling Pro International Incorporated and Brad Matushak failed to provide potential franchisees with a complete UFOC including financial statements for Ceiling Pro.

**FINAL ORDER**

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED That Ceiling Pro International Incorporated and Brad Matushak, their agents and employees shall cease and desist from offering and/or selling franchises in any manner in violation of RCW 19.100.020, the section of the Franchise Investment Protection Act requiring registration.

It is further ORDERED That, Ceiling Pro International Incorporated and Brad Matushak, their agents and employees shall cease and desist from offering and/or selling franchises in any manner in violation of RCW 19.100.170, the anti-fraud section of the Franchise Investment Protection Act.

This Order is entered pursuant to RCW 19.100.248 and is subject to the provisions of Chapter 34.05 RCW.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

//  
//  
//  
//  
//

DATED this 17th day of September, 2001.

*Deborah R Bortner*

DEBORAH R. BORTNER  
Securities Administrator

Approved By:

Presented by:

\_\_\_\_\_  
Michael E. Stevenson  
Chief of Enforcement

\_\_\_\_\_  
Chad Standifer  
Staff Attorney

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27