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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Lisa Bongi
President
The Cure Service Group, Inc.
3925 Ridgemont Drive
Malibu, CA 90265-4904
File No. 993-5160

Rick Stonell aka Rick Stowell
The Cure Service Group, Inc.
3925 Ridgemont Drive
Malibu, CA 90265-4904

**STATEMENT IN SUPPORT OF ORDER DENYING EFFECTIVENESS OF FRANCHISE
REGISTRATION APPLICATION AND REVOKING CURRENT FRANCHISE
REGISTRATION
(Corporations Code section 31117)**

The California Corporations Commissioner finds that:

1. The Cure Service Group, Inc. is a Washington corporation that was formed on January 2, 2002. Its principal place of business is 106 NW 36th Street, Seattle, Washington 98107. In or around 2002, The Cure Service Group, Inc. began offering franchises for the operation of water damage restoration services, carpet cleaning services, related cleaning services and ancillary products. On March 29, 2004, the company filed an application for franchise registration pursuant to Corporations Code section 31121 for registration to sell franchises under the name 1-800-Water Damage in California.

2. The California Department of Corporations issued an Order approving Franchise registration on June 4, 2004. A renewal application was filed on March 27, 2006 with the California Department of Corporations.

1 3. During the period from January 2, 2002 through June 4 2004, prior to and during the
2 pendency of the application for registration, The Cure Service Group, Inc., sold unregistered
3 franchises to California residents in violation of Corporations Code section 31110.

4 4. Rick Stonell aka Rick Stowell was the Chief Executive Officer of The Cure Service
5 Group, Inc. and from the date of its incorporation to December 16, 2005, acted as one of its principal
6 officers and directors in fact, exercising management responsibility and control with regard to all
7 facets of its operations, including the franchises offered by the company. In addition, at all times
8 mentioned herein, Rick Stonell aka Rick Stowell was personally involved in the sale of franchises
9 during the time period when The Cure Service Group, Inc. was not registered.

10 5. Lisa Bongi was the Director of Operations for the Cure Water Damage, Inc., from
11 January, 1997 to May, 1998. Lisa Bongi was the President of The Cure Service Group, Inc. from
12 January 2, 2002 to December 16, 2005. From December 16, 2005, to the present, Lisa Bongi is the
13 President, Vice-President, Secretary and Treasurer of The Cure Service Group, Inc.

14 6. From January 2, 2002, up to and including June 4, 2004, The Cure Service Group, Inc.,
15 sold franchises to individual California purchasers by means of written and oral communications and
16 omitted to state material facts necessary in order to make the statements made in light of the
17 circumstances under which they were made, not misleading, so as to induce the franchisees to
18 purchase franchises. The Cure Service Group, Inc. failed to tell the individual California purchasers
19 that the franchise was not registered with the California Department of Corporations as required by
20 the provisions of the Franchise Investment Law in violation of Corporations Code 31201.

21 7. The Cure Service Group, Inc., Rick Stonell aka Rick Stowell and Lisa Bongi failed to
22 notify the California Corporations Commissioner in writing, by registration application, that it had
23 sold unregistered franchises in violation of California Corporations Code 31200.

24 8. From June 4, 2004, to the present, while offering franchise opportunities to California
25 residents, The Cure Service Group, Inc., Rick Stonell aka Rick Stowell and Lisa Bongi failed to
26 disclose the sale of five unregistered franchises from 2002 to 2004 in violation of Corporations Code
27 section 31200.

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1 9. While offering franchise opportunities from 2002 to the present, The Cure Service Group,
2 Inc., Rick Stonell aka Rick Stowell and Lisa Bongi failed to disclose a 1992 lawsuit filed in Contra
3 Costa County, California for unlawful and unfair business practices that resulted in an adverse
4 judgment and fine on August 30, 1993.

5 10. While offering franchise opportunities from 2002 to the present, The Cure Services
6 Group, Inc., Rick Stonell aka Rick Stowell and Lisa Bongi failed to disclose a 1994 lawsuit filed in
7 Contra Costa County, California for conversion and fraud that resulted in an adverse judgment on
8 January 7, 1994. Rick Stowell was ordered to pay \$46,180.00 in damages.

9 11. While offering franchise opportunities from January 2, 2002 to the present, The Cure
10 Services Group, Inc., Rick Stonell aka Rick Stowell and Lisa Bongi, failed to disclose the fact that
11 Lisa Bongi was and is the spouse of Rick Stonell aka Rick Stowell in violation of California
12 Corporations Code section 31201.

13 Based upon the foregoing findings, the California Corporations Commissioner is of the
14 opinion that Rick Stonell aka Rick Stowell , Lisa Bongi and The Cure Service Group, Inc. has failed
15 to comply with certain provisions of the Franchise Investment Law within the meaning of
16 Corporations Codes 31110, 31200, and 31201,and 31115(a); that the sale of the franchise would
17 constitute misrepresentation to, or deceit or fraud of the purchasers within the meaning of
18 Corporations Code sections 31115(b) and that the involvement of these persons in the sale of
19 management of the franchises creates an unreasonable risk to prospective franchisees within the
20 meaning of Corporations Code section 31115 (d)(1).

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1 For these reasons, the California Corporations Commissioner has determined that an order
2 should be issued pursuant to California Corporations Code sections 31115(a), 31115(b) and 31115
3 (d)(1) to deny the effectiveness of the current franchise registration application and to revoke the
4 current franchise registration.

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6 Dated: April 5, 2006
7 Sacramento, California

8 WAYNE K. STRUMPFER
9 Acting California Corporations Commissioner

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11 By _____
12 SHARON A. LUERAS
13 Senior Corporations Counsel
14 Enforcement Division
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