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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

**AMENDED 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 36<sup>th</sup> 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 2, 2004. A renewal application was filed on April 1, 2005, and approved on April 14, 2005. A current renewal application was filed on March 27, 2006.

1           3. During the period from January 2, 2002 through June 2, 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 2, 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 2, 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           12. While offering franchise opportunities from 2002 to the present, The Cure Services  
14 Group, Inc., Rick Stonell aka Rick Stowell and Lisa Bongi failed to disclose that Rick Stowell  
15 suffered two felony convictions for Attempted Burglary in the second degree on December 14, 1981,  
16 in violation of California Corporations Code section 31201.

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

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

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9 Dated: May 5, 2006  
10 Sacramento, California

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WAYNE K. STRUMPFER  
Acting California Corporations Commissioner

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By \_\_\_\_\_  
SHARON A. LUERAS  
Senior Corporations Counsel  
Enforcement Division

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