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

TO: Infrasys, Inc. (formerly Sealmaster Franchise Group, Inc.)
David L. Thorson
2520 South Campbell Street
Sandusky, Ohio 44870

CITATION
and
DESIST AND REFRAIN ORDER

(For violations of sections 31110 and 31201 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times Infrasys, Inc. formerly known as Sealmaster Franchise Group, Inc. (hereinafter referred to as "Infrasys") is and was a Minnesota corporation; its principal place of business is 2520 South Campbell Street, Sandusky, Ohio 44870. Infrasys has offered and sold franchises (hereinafter referred to as "Sealmaster franchises" or "the franchises") in California whereby the purchaser franchisees were given the right to own and operate a manufacturing and sales facility under the mark "Sealmaster" (or other authorized marks) and to market to contractors and other end users pavement coatings and pavement maintenance products and equipment produced and supplied by Thorworks Industries, Inc. formerly known as Sealmaster Industries, Inc. At all relevant times, David L. Thorson is and was the President and controlling person of Infrasys.

2. In June of 1992 Infrasys (then known as Sealmaster Franchise Group, Inc.) filed with the Department of Corporations of the State of California ("the Department") its initial application for registration of an offer to sell Sealmaster franchises upon a Uniform Franchise Registration Application pursuant to Corporations Code section 31111. The application was accompanied by a proposed Uniform Franchise Offering Circular ("UFOC") containing the material information set forth in the application as required by Corporations Code section 31114. Corporations Code section

1 31119 requires that a copy of the UFOC be provided to the prospective franchisee prior to the sale of
2 any franchise. The Department issued an order approving that initial registration in 1992. On a
3 yearly basis thereafter InfrasyS filed an application for franchise registration renewal and the
4 registration remained effective up through January 20, 2006.

5 3. On September 11, 2000 a Sealmaster franchisee in northern California, Amulco Asphalt, Inc.,
6 and Amulco's officers and shareholders Michael Plumer and Jeffrey Sweet, filed an action in the
7 Contra Costa County Superior Court (Case Number C00-03786) against franchisor InfrasyS (then
8 known as Sealmaster Franchise Group, Inc.) to compel arbitration in California of disputes that had
9 arisen between the northern California franchisee and franchisor. The issues were settled on October
10 25, 2000 and as part of that settlement agreement InfrasyS agreed to repurchase the franchise and its
11 assets.

12 4. On March 16, 2001 a Sealmaster franchisee in southern California, SealCoating of Southern
13 California, Inc., and its officers Jeffrey L. Smith and Mark C. Safady, filed an action in the Los
14 Angeles County Superior Court (Case Number BC246980) against franchisor InfrasyS (then known
15 as Sealmaster Franchise Group, Inc.) to compel arbitration in California over disputes that had arisen
16 between the southern California franchisee and franchisor. In April or May 2001 as part of a
17 settlement InfrasyS agreed to repurchase the franchise and take over its operation.

18 5. On January 3, 2001 InfrasyS filed with the Department an application for franchise
19 registration renewal for the year 2001. As a condition for renewing its franchise registration in 2001,
20 the Department insisted on, and on April 24, 2001 InfrasyS agreed to, the disclosure of the two above
21 referenced California civil actions in the UFOC under "Item 3. Litigation". With this agreement that
22 the prior litigation would be so disclosed, on June 27, 2001 the Department issued an order approving
23 the registration renewal.

24 6. On January 9, 2002 InfrasyS filed a franchise registration renewal application for the year
25 2002. InfrasyS agreed again to disclose the prior California litigation in its UFOC under "Item 3.
26 Litigation". On January 11, 2002 the Department issued an order approving the renewed franchise
27 registration up through April 20, 2003.
28

1 7. In March of 2002 Infrasy's offered a Sealmaster franchise to a California resident. During the
2 course of negotiations, on March 12, 2002 Infrasy's provided the prospective franchisee with a UFOC
3 that falsely stated under "Item 3. Litigation" that "(t)here is no litigation required to be disclosed in
4 this Offering Circular".

5 8. The prospective franchisee agreed to purchase a Sealmaster franchise when they executed a
6 Franchise Agreement on March 31, 2002. At no time prior to this sale of the Sealmaster franchise
7 did Infrasy's provide the prospective franchisee with a UFOC approved by the Department nor
8 disclose, verbally or in writing, that there had been the two prior California civil actions. The
9 prospective franchisee did not become aware of the prior lawsuits until after the franchise purchase
10 and an attorney was retained to file a civil action against Infrasy's.

11 By reason of the foregoing, Infrasy's, Inc. and David L. Thorson have engaged in the offer and
12 sale of a franchise in this state that was subject to registration under the Franchise Investment Law
13 without the offer first being registered, in violation of California Corporations Code section 31110.
14 Infrasy's, Inc. and David L. Thorson have also engaged in the offer and sale of a franchise in this state
15 by means of oral and written communication which include an untrue statement of a material fact in
16 violation of California Corporations Code section 31201.

17 Pursuant to California Corporations Code section 31406, Infrasy's, Inc. and David L. Thorson
18 are hereby ordered to desist and refrain from the further offer or sale of Sealmaster franchises unless
19 and until the offers have been duly registered under the Franchise Investment Law, or exempt.

20 In addition, pursuant to California Corporations Code section 31406, Infrasy's, Inc. and David
21 L. Thorson are hereby ordered to desist and refrain from the further offer or sale of Sealmaster
22 franchises by means of written or oral communications that includes an untrue statement of a material
23 fact or omit to state a material fact necessary in order to make the statements made, in the light of the
24 circumstances under which they were made, not misleading.

25 Further, pursuant to California Corporations Code section 31406, Infrasy's, Inc. and David L.
26 Thorson are hereby ordered to pay to the California Corporations Commissioner an administrative
27 penalty in the amount of five thousand dollars (\$5,000).

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1 This Citation and accompanying Order are necessary, in the public interest, for the protection
2 of investors and consistent with the purposes, policies and provisions of the Corporate Securities Law
3 of 1968.

4 California Corporations Code section 31406 provides, in relevant part:

5 (a) If, upon inspection or investigation, based upon a complaint or otherwise, the
6 commissioner has cause to believe that a person is violating any provision of this
7 division or any rule or order promulgated pursuant to this division, the commissioner
8 may issue a citation to that person in writing describing with particularity the basis of
9 the citation. Each citation may contain an order to desist and refrain and an assessment
10 of an administrative penalty not to exceed two thousand five hundred dollars (\$2,500)
11 per violation and shall contain references to this section, including the provisions of
12 subdivision (c)

13 ...
14 (c) If within 60 days from the receipt of the citation, the person cited fails to notify
15 the commissioner that the person intends to request a hearing as described in
16 subdivision (d), the citation shall be deemed final.

17 (d) Any hearing under this section shall be conducted in accordance with Chapter 5
18 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government
19 Code.
20 ...

21 Dated: February 28, 2007

22 PRESTON DuFAUCHARD
23 California Corporations Commissioner

24 By: _____
25 ALAN S. WEINGER
26 Lead Corporations Counsel
27 Enforcement Division
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