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Comissioner
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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
9 OF THE STATE OF CALIFORNIA

10 In the Matter of:)
11 THE COMMISSIONER OF FINANCIAL)
12 PROTECTION AND INNOVATION,)
13 Complainant,) CONSENT ORDER
14 v.)
15 THE HOMETEAM INSPECTION SERVICE,)
16 INC. doing business as THE HOMETEAM)
17 INSPECTION SERVICE,)
18 Respondent.)

19 This Consent Order is entered into between the Commissioner of Financial Protection and
20 Innovation (Commissioner), and G.C. The HomeTeam Inspection Service, Inc., doing business as
21 The HomeTeam Inspection Service (HTI) (collectively, Parties) and is made with respect to the
22 following facts:

23 I.

24 RECITALS

25 A. The Commissioner is the head of the Department of Financial Protection and
26 Innovation (Department) and is responsible for administering and enforcing the Franchise
27 Investment Law (FIL) (Corp. Code, § 31000 et seq.),¹ and registering the offer and sale of franchises

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¹ All further statutory references are to the Corporations Code unless otherwise indicated.

1 in California. To register a franchise, a franchisor must file an application which includes a Uniform
2 Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance
3 with sections 31111 and 31114. The FIL requires franchisors to disclose certain material
4 information which is intended to provide prospective franchisees with facts upon which to make an
5 informed decision to purchase a franchise, as stated in section 31001.

6 B. At all relevant times, HTI was a Ohio corporation, with a principal place of business
7 located at 575 Chamber Drive, Milford, Ohio, 45150. At all relevant times, HTI sells franchises that
8 provides building inspection services. HTI applied for a registration with the Department to offer
9 and sell franchises in California in April of 2020 and April of 2021.

10 C. At all relevant times, Jodi Sue Eramo (Eramo), was an individual residing in
11 Loveland, Ohio. On October 15, 2005, Eramo was certified and registered with the Ohio State Board
12 of Accountancy (OSBA) as an individual certified public accountant (ICPA). A true and correct
13 copy of Eramo’s license history from the official OSBA website CPA Verify system is attached
14 hereto and incorporated by reference herein as “Exhibit A”. Eramo’s license expired on December
15 31, 2021.

16 D. At all relevant times, Summit Financial Group, Inc. (Summit) is an Ohio corporation
17 with a principal place of business located at 101 Commerce Boulevard, Suite A, Loveland, Ohio
18 45140. Summit engages in the business of providing financial investment and tax planning services
19 to consumers. At all relevant times, Summit was not certified and registered with the OSBA as a
20 certified public accounting firm or certified public accounting attest firm.

21 A. From at least 2010 to present, Eramo was and is employed by Summit as a vice
22 president of Summit’s tax and accounting division. Eramo engaged in providing tax and college
23 planning services to Summit clients. Eramo does not have an ownership interest in Summit.

24 B. On May 27, 2021, the OSBA issued a cease and desist notice (CDN) to Eramo
25 ordering Eramo to cease and desist further use of her ICPA license or the advertisement of Summit.
26 The CDN is attached hereto and incorporated by reference herein as “Exhibit B”. The OSBA issued
27 the CDN because Eramo performed an audit of a financial statement and signed as the preparer of
28 the audit, under the business name of Summit. However, neither Eramo nor Summit were registered

1 with the OSBA as a public accounting firm in Ohio, as required by Ohio Administrative Code
2 sections 4701-7-04(A) and 4701-13-02. Eramo was and is not the owner of a registered public
3 accounting firm in Ohio, nor is SUMMIT registered as a public accounting attest firm. Simply
4 stated, Eramo and Summit both were required to be registered by the OSBA, but only Eramo
5 was registered with the OSBA, to lawfully perform an audit and execute an audit report.

6 C. On September 20, 2021, a duly calendared and noticed hearing occurred before
7 the OSBA. Eramo, represented by legal counsel, appeared before the OSBA to overturn the
8 CDN and the requirement that Eramo cease and desist from using her ICPA license. Also on
9 September 20, 2021, the OSBA issued an Adjudication Order 2021-09-02 [sic], attached hereto
10 and incorporated by reference herein as “Exhibit C”, revoking Eramo’s ICPA based upon the
11 allegations set forth in the CDN, Exhibit B herein.

12 D. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue
13 statement of a material fact in any application, notice or report filed with the Commissioner under
14 the FIL, or willfully omit to state in any such application, notice, or report any material fact which is
15 required to be stated therein or fail to notify the Commissioner of any material change as required by
16 section 31123.

17 E. On April 8, 2020 and March 3, 2021, HTI filed renewal application for registration
18 with the Department to offer and sell franchises in California (2020 and 2021 Applications or
19 Applications). The Applications included an auditor’s consent and an FDD containing audited
20 financial statements accompanied by independent auditor’s reports dated March 25, 2020 and March
21 12, 2021, by Summit as the firm conducting the audit and signed by Eramo as the certified public
22 accountant conducting the audit (Financial Statements). The Financial Statements included balance
23 sheets as of December 31, 2019 and December 31, 2020, and the related statements of income (loss
24 and equity) and cash flows for the periods of December 31, 2019 and December 31, 2020, and
25 related notes. The independent auditor’s report contained an unqualified audit opinion on the
26 Financial Statements.

27 F. HTI included the auditor’s consents and Financial Statements with accompanying
28 independent auditor’s report in its Applications with the Department, even though Summit was not

1 licensed as a certified public accounting firm or certified public accounting attest firm with the
2 OSBA or any other state accountancy board.

3 G. HTI may assert that it included the auditor’s consents and Financial Statements with
4 accompanying independent auditor’s report in its Applications without knowledge as to Summit’s
5 licensure status.

6 H. The Commissioner finds that HTI’s failure to disclose that Summit was not licensed
7 as a certified public accounting firm or certified public accounting attest firm with the OSBA or any
8 other state accountancy board, when submitting the Financial Statements and audit reports in the
9 Applications, is an omission of a material fact under the FIL, in violation of section 31200.

10 I. The Commissioner also finds that the inclusion of the Financial Statements in the
11 Applications accompanied by Eramo and Summit’s independent auditor’s report asserting that the
12 Financial Statements were audited when Summit was not qualified to conduct audits because
13 Summit was not licensed as a certified public accounting firm or certified public accounting attest
14 firm with the OSBA or any other state accountancy board is an untrue statement of a material fact in
15 an application filed with the Commissioner, in violation of section 31200.

16 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
17 forth herein, the Parties agree as follows:

18 **II.**

19 **TERMS AND CONDITIONS**

20 1. Purpose. This Consent Order resolves the issues before the Commissioner [findings
21 in paragraphs A through I above] in a manner that avoids the expense of a hearing and other
22 possible court proceedings, protects consumers, is in the public interest, and is consistent with the
23 purposes and provisions of the applicable law.

24 2. Desist and Refrain Order. Pursuant to Corporations Code sections 31402 and 31406,
25 The HomeTeam Inspection Services, Inc. doing business as The HomeTeam Inspection Services is
26 hereby ordered to desist and refrain from the violations set forth herein, in violation of Corporations
27 Code section 31200. The issuance of this Consent Order is necessary, in the public interest, for the
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1 protection of investors and is consistent with the purposes, policies, and provisions of the Franchise
2 Investment Law.

3 3. Penalties. HTI shall pay an administrative penalty of \$10,000 (Penalties) no later
4 than fifteen (15) calendar days after the effective date of this Consent Order as defined in Paragraph
5 21 (Effective Date). Penalties must be made payable in the form of a cashier’s check or Automated
6 Clearing House deposit to the Department and transmitted to the attention of Accounting at the
7 Department of Financial Protection and Innovation, Accounting – Legal, 2101 Arena Boulevard,
8 Sacramento, California 95834. Notice of the payment must be concurrently sent via email to Anne
9 Marie Wong at annemarie.wong@dfpi.ca.gov. Failure to pay Penalties in a timely manner shall be
10 deemed to be a material breach of this Consent Order.

11 4. Waiver of Hearing Rights. HTI acknowledges that the Commissioner is ready,
12 willing, and able to proceed with the filing of an administrative enforcement action on the charges
13 contained in this Consent Order. HTI hereby waives the right to any hearings, and to any
14 reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the
15 Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any other provision of
16 law. HTI further expressly waives any requirement for the filing of an Accusation pursuant to
17 Government Code section 11415.60, subdivision (b). By waiving such rights, HTI effectively
18 consents to this Consent Order becoming final.

19 5. Failure to Comply with Consent Order. HTI agrees that if it fails to comply with the
20 terms of this Consent Order, the Commissioner may, in addition to all other available remedies it
21 may invoke under the FIL, summarily suspend/revoke its FIL registration (if applicable), summarily
22 and permanently bar HTI from offering and selling franchises in California or deny FIL applications
23 (if applicable). HTI waives any notice and hearing rights to contest such summary actions by the
24 Commissioner which may be afforded under the FIL, the APA, the CCP, or any other provision of
25 law in connection therewith.

26 6. Information Willfully Withheld or Misrepresented. This Consent Order may be
27 revoked, and the Commissioner may pursue any and all remedies available under law against HTI if
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1 the Commissioner discovers that HTI knowingly or willfully withheld or misrepresented
2 information used for and relied upon in this Consent Order.

3 7. Future Actions by Commissioner. If HTI fails to comply with any terms of the
4 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
5 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
6 against HTI, or any of its partners, owners, officers, shareholders, directors, employees or successors
7 for any and all unknown violations of the FIL.

8 8. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
9 ability to assist any other government agency (whether city, county, state, or federal) with any
10 administrative, civil or criminal action brought by that agency against HTI or any other person
11 based upon any of the activities alleged in this matter or otherwise.

12 9. Headings. The headings to the paragraphs of this Consent Order are inserted for
13 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
14 the provisions hereof.

15 10. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
16 interest.

17 11. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
18 Consent Order it has relied solely on the statements set forth herein and the advice of its own
19 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
20 Order it has placed no reliance on any statement, representation, or promise of any other Party, or
21 any other person or entity not expressly set forth herein, or upon the failure of any Party or any
22 other person or entity to make any statement, representation or disclosure of anything whatsoever.
23 The Parties have included this clause: (1) to preclude any claim that any Party was in any way
24 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
25 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

26 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
27 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
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1 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any
2 other provision. No waiver by either Party of any breach of, or of compliance with, any condition
3 or provision of this Consent Order by the other Party will be considered a waiver of any other
4 condition or provision or of the same condition or provision at another time.

5 13. Full Integration. This Consent Order is the final written expression and the complete
6 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
7 between the Parties with respect to the subject matter hereof, and supersedes all prior or
8 contemporaneous agreements, negotiations, representations, understandings, and discussions
9 between and among the Parties, their respective representatives, and any other person or entity with
10 respect to the subject matter covered hereby.

11 14. Governing Law. This Consent Order will be governed by and construed in
12 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
13 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
14 forum to the maintenance of such action or proceeding in such court.

15 15. Counterparts. This Consent Order may be executed in one or more separate
16 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
17 together constitute a single document.

18 16. Effect Upon Future Proceedings. If HTI applies for any license, registration, permit,
19 or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any
20 future action by the Commissioner to enforce this Consent Order, then the subject matter hereof
21 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

22 17. Voluntary Order. HTI enters into this Consent Order voluntarily and without
23 coercion and acknowledges that no promises, threats or assurances have been made by the
24 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
25 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
26 without any duress or undue influence of any kind from any source.

27 18. Notice. Any notice required under this Consent Order shall be provided to each
28 Party at the following addresses:

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To HTI: Sara L. Pettit
575 Chamber Drive
Milford, Ohio 45150

To the Commissioner: Anne Marie Wong
Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834

19. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.

20. Public Record. HTI hereby acknowledges that this Consent Order is and will be a matter of public record.

21. Effective Date. This Consent Order shall become final and effective when signed by all Parties and delivered by the Commissioner’s agent via e-mail to HTI’s agent, Sara L. Pettit at sara@hometeam.com.

22. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: _____ CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
THERESA LEETS
Assistant Chief Counsel

Dated: _____ THE HOMETEAM INSPECTION SERVICE, INC.
doing business as THE HOMETEAM INSPECTION SERVICE

By: _____
ADAM R. LONG
President