

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

In the Matter of:	*	
BRUSH MASTERS	*	
PAINTING CONTRACTORS, LLC,	*	
BRUSH MASTERS	*	
FRANCHISING, LLC, and	*	Case No. 2024-0047
JOSEPH RUGGIA,	*	
Respondents,	*	

* * * * * * * * * * * *

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an investigation into the franchise-related activities of Brush Masters Painting Contractors, LLC, Brush Masters Franchising, LLC, and Joseph Ruggia (collectively, “Respondents”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. Sections 14-201 et seq. (2015 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, as a result of that investigation, the Maryland Securities Commissioner (the “Securities Commissioner”) found grounds to allege that Respondents violated the registration, disclosure, and anti-fraud provisions of the Maryland Franchise Law in relation to an offer to sell and sale of a Brush Masters franchise in Maryland; and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Respondents admitting or denying any violation of law, the Securities Commissioner and Respondents have reached an agreement to

enter into this Consent Order; and

WHEREAS, Respondents waive their respective rights to a hearing and any rights to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, it is hereby agreed, and the Securities Commissioner hereby orders:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

A. Respondents

2. Brush Masters Painting Contractors, LLC (“Brush Masters”) is a New Jersey limited liability company with a principal business address of 4027 Ridge Avenue, Egg Harbor Township, New Jersey 08234.

3. Brush Masters has operated a residential and commercial painting business using the tradename Brush Masters.

4. Joseph Ruggia (“Ruggia”) is the founder, owner, and chief executive officer of Brush Masters.

5. Beginning in 2022, Ruggia, individually, entered into franchise agreements for franchisees to operate a residential and commercial painting business using the tradename Brush

Masters (the “Brush Masters Franchise”).

6. On January 3, 2024, Ruggia formed a new entity, Brush Masters Franchising, LLC (“Brush Masters Franchising”) to offer Brush Masters Franchises.

7. Ruggia later assigned to Brush Masters Franchising the franchise agreements that Ruggia entered into with franchisees to operate the Brush Masters Franchise.

8. On March 1, 2024, Brush Masters Franchising filed with the Securities Division an initial application to register the Brush Masters franchise offering under the Maryland Franchise Law. As of the date of this Consent Order, the initial franchise registration application of Brush Masters Franchising is pending in Maryland.

9. Neither Brush Masters, Brush Masters Franchising, or Ruggia has ever been registered to offer and sell franchises under the Maryland Franchise Law.

B. The Sale of a Brush Masters Franchise in Maryland

10. On March 14, 2023, “KEH,” a resident of Silver Spring, Maryland, entered into a franchise agreement with Ruggia for a Brush Masters Franchise to be located in Silver Spring, Maryland.

11. Prior to KEH’s purchase of a Brush Masters Franchise, Ruggia gave to KEH a Franchise Disclosure Document (“FDD”) with an issuance date of April 2022.

12. The FDD that Ruggia gave to KEH was issued in the name of Brush Masters and described Brush Masters as the franchisor of Brush Masters Franchises, even though KEH signed a franchise agreement with Ruggia, individually, rather than with Brush Masters.

13. The FDD that Ruggia gave to KEH did not contain all of the disclosures about a franchise offering required under the Maryland Franchise Law. Among other things, the FDD that Ruggia gave to KEH did not contain any financial statements for either Brush Masters,

Ruggia, or Brush Masters Franchising, and that FDD did not contain any Maryland-specific disclosures about rights and protections afforded to prospective franchisees under the Maryland Franchise Law.

14. The FDD that Ruggia gave to KEH included a financial performance representation that new franchisees can expect to earn revenue of between \$250,000 and \$500,000 during the first year, depending on the franchisee's skill levels, market and other matters, and that, by the end of year 3, if properly operated, a Brush Masters franchisee can net approximately \$250,000.

15. The financial performance representation that Ruggia included in the FDD that he gave KEH did not have a reasonable basis and did not otherwise comply with the requirements under the Maryland Franchise Law for franchisors making a financial performance representation.

16. KEH paid Ruggia \$4,500 as the initial fee for his Brush Masters Franchise.

17. On February 6, 2024, Ruggia executed an Assignment of Franchise Agreement assigning to Brush Masters Franchising Ruggia's rights and obligations under KEH's franchise agreement for a Brush Masters Franchise.

18. In February 2024, the Securities Division received an inquiry about Brush Masters and discovered the existence of a Brush Masters Franchise in Maryland.

19. On February 9, 2024, the Securities Division sent a letter to Brush Masters, in care of Ruggia, and inquired about alleged offers and sales of Brush Masters Franchises in violation of the registration provisions of the Maryland Franchise Law.

20. On March 1, 2024, Brush Masters Franchising filed its initial franchise registration application with the Securities Division.

21. On March 25, 2025, an attorney representing Brush Masters Franchising responded to the Securities Division's inquiry to Respondents and provided documentation regarding the sale of a Brush Masters Franchise to KEH.

C. Representations by Respondents

22. Respondents represent that, other than the sale of a franchise to KEH, Respondents did not offer or sell a Brush Masters Franchise in Maryland or to any Maryland residents.

23. Respondents represent and agree that, in the future, they will comply with all provisions under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

24. By engaging in the above activities, the Securities Commissioner has concluded that Respondents violated §§14-214, 14-216, 14-223 and 14-229 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

25. THE SECURITIES COMMISSIONER HEREBY ORDERS AND RESPONDENTS HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Respondents shall permanently cease and desist from the offer or sale of franchises in violation of the Maryland Franchise Law.
- B. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, Brush Masters Franchising shall send to KEH the following: (i) a copy of this Consent Order; and (ii) a letter, in substantially the form attached to this letter as Exhibit 1, captioned "Notice of Rescission Rights," notifying KEH that he is being offered an opportunity to immediately rescind his Brush Masters Franchise under the terms of this Consent Order and, if he opts to rescind, receive a refund of the initial fees he paid to Respondents;
- C. If KEH does not opt to immediately rescind his Brush Masters Franchise in response to the Notice of Rescission Rights, Brush Masters Franchising shall

diligently pursue its pending initial application to register the Brush Masters franchise offering under section 14-215 of the Maryland Franchise Law. For purposes of this Consent Order, “diligently pursue” means that an applicant submits a substantive response to each Securities Division comment letter regarding a registration application no later than 30 days after the applicant’s receipt of that comment letter;

- D. Brush Masters Franchising shall remit to the Office of Attorney General, as a civil monetary penalty, the sum of One Thousand Dollars (\$1,000.00); and
- E. If KEH does not opt to rescind his Brush Masters Franchise in response to the Notice of Rescission Rights, and Brush Masters Franchising fails to register its franchise offering with the Securities Division as required under this Consent Order as of six (6) months from the date of this Consent Order (“Due Date”), Brush Masters Franchising shall be assessed an additional civil monetary penalty of One Thousand Dollars (\$1,000) payable within fifteen (15) days after the Due Date, which civil penalty amount shall continue to increase by Two Hundred Fifty Dollars (\$250) (“Additional Penalty”) for every additional month after the Due Date so long as Brush Masters Franchising has not obtained a registration of its franchise offering with the Securities Division. If Brush Masters Franchising has not registered as required under this Consent Order after seven months, an Additional Penalty shall be due and payable by the fifteenth (15) day of the eighth month after the date of this Consent Order, and on the 15th day of each succeeding month so long as Brush Masters Franchising is not registered as required under this Consent Order. If Brush Masters Franchising fails to make timely payments to the Office of the Attorney General as required under this Consent Order, and payments are delinquent for more than sixty (60) days, the Office of the Attorney General may refer collection of the monies due under this Consent Order to the Central Collections Unit (“CCU”) of the State of Maryland. If a referral is made, any fee assessed by CCU shall be in addition to, and not offset by, the balance of the civil monetary penalty owed to the Securities Division.
- F. If Brush Masters Franchising is required to register its franchise offering under Subparagraph C of this Paragraph, within ten (10) days of notification by the Securities Division that Brush Masters Franchising’s franchise offering is effectively registered for use in Maryland, Brush Masters Franchising shall send to KEH the following: (i) a copy of an effectively registered Maryland FDD; and (ii) a letter, in substantially the form attached to this letter as Exhibit 2 captioned “Offer to Rescind Franchise,” notifying KEH that he is being given a second opportunity to rescind his Brush Masters Franchise under the terms of this Consent Order;
- G. The Securities Commissioner has determined that Brush Masters Franchising’s offer of a franchise to KEH in the form of the Notice of Rescission Rights described in Subparagraph (B) of this Paragraph is exempt from the registration provisions of the Maryland Franchise Law;

- H. Respondents acknowledge that this Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

V. JURISDICTION RETAINED

26. Jurisdiction shall be retained by the Securities Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

27. If any Respondent fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against that Respondent to enforce this Consent Order or to sanction it for violating an order of the Securities Commissioner and may take any other action authorized under the Maryland Franchise Law or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or a court finds that any Respondent violated this Consent Order, the Statement of Facts and the violations of the Maryland Franchise Law alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against that Respondent.

VII. MODIFICATION OF CONSENT ORDER

28. The terms of this Consent Order may be modified only by a subsequent order issued by the Securities Commissioner.

DATE OF THIS ORDER:

May 21, 2024

SO ORDERED:

**Commissioner's Signature on File
w/Original Documents**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

BY CONSENT:

Brush Masters Painting Contractors, LLC

By: Joseph Ruggia, CEO

Joseph Ruggia, individually

Brush Masters Franchise, LLC

By: Joseph Ruggia, CEO

FORM
(On Company Letterhead)

BY FEDERAL EXPRESS

Re: **[Company] Notice of Rescission Rights**

Dear _____:

In accordance with discussions our attorneys have had with the Securities Division of the Office of the Attorney General of Maryland, [Insert Name of Company] ("we") have agreed under the attached Consent Order to offer rescission to any Maryland residents who entered into Franchise Agreement(s) with us in violation of the registration and disclosure provisions of the Maryland Franchise Law. We are making this offer in settlement of the administrative proceeding that the Division may bring for the alleged sale of a franchise in violation of the Maryland Franchise Law, and this offer does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your Franchise Agreement, we agree to cancel your Franchise Agreement, including all post-term and non-competition obligations you may have to us under that Franchise Agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information.

In the event you rescind, we will return to you the initial fees you paid us under your Franchise Agreement, and we will make payments to you within thirty-one (31) days after we receive your Acceptance of Offer to Rescind. If you do not rescind your franchise agreement now, you will be given a second opportunity to rescind your franchise agreement, after we have completed the franchise registration process. When that registration is complete, we will send you a copy of a Maryland registered Franchise Disclosure Document and a new letter offering to rescind your franchise agreement under the same terms outlined in this letter.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Tade Osikomaiya, Assistant Attorney General, at the Division (410-576-7039).

Sincerely,

[The Company]

cc: Consent Order

ACCEPTANCE OR REFUSAL OF NOTICE OF RESCISSION RIGHTS

1. I, the undersigned, acknowledge that I have read the preceding Notice of Rescission Rights and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my Franchise Agreement:

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks and system and to not use or disclose to anyone the trade secrets and confidential and proprietary information that we obtained from you.

_____ I do not accept your offer of rescission. I wish to remain a franchisee under my Franchise Agreement at this time. I understand that I will be given a second opportunity to rescind my Franchise Agreement after the company has registered its franchise offering under the Maryland Franchise Law

Date

Franchisee

FORM
(On Company Letterhead)

BY FEDERAL EXPRESS

Re: **[Company] Offer to Rescind Franchise Agreement**

Dear _____:

As you recall, [Insert Name of Company] ("we") agreed to offer rescission to you of your franchise agreement with us. You previously received a "Notice of Rescission Rights" from us offering to rescind your franchise agreement immediately. Now that we have completed the registration of our franchise offering, we are giving you this second opportunity to rescind your franchise. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your Franchise Agreement, we agree to cancel your Franchise Agreement, including all post-term and non-competition obligations you may have to us under that Franchise Agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information.

In the event you rescind, we will return to you the initial fees you paid us under your Franchise Agreement. We will refund the initial franchise fee you paid to us within 31 days after we receive your Acceptance of Offer to Rescind.

If you consider remaining a franchisee under your current franchise agreement, we are including a franchise disclosure document regarding that franchise offering that you should review before making that decision.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Tade Osikomaiya, Assistant Attorney General, at the Division (410-576-7039).

Sincerely,

[The Company]

cc: Franchise Disclosure Document

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Offer to Rescind Franchise Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my franchise agreement:

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks, patents, and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

_____ I do **not accept** your offer of rescission. I wish to remain a franchisee under my Franchise Agreement.

Date: _____

Franchisee