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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Franchise Investment Protection Act by:

StretchMed Franchise LLC,
Respondent.

Order No.: S-24-3704-24-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST

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THE STATE OF WASHINGTON TO: StretchMed Franchise LLC

On February 16, 2024, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Order No. S-24-3704-24-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondent StretchMed Franchise LLC, on February 22, 2024. The Notice advised Respondent StretchMed Franchise LLC that the Application must be received within twenty days from the date of service. On March 6, 2024, Respondent StretchMed Franchise LLC returned the Application and submitted a written response for consideration by the Agency Director or Securities Administrator in lieu of a hearing. After considering the written statement, the Securities Administrator finds no material grounds for amendment of the Statement of Charges.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondent StretchMed Franchise LLC to cease and desist from violations of the Franchise Investment Protection Act.

FINDINGS OF FACT

Respondents

1 by the same unlicensed CPA. The consent order alleges that StretchMed submitted these improperly audited
2 financial statements within its FDD in its 2022 and 2023 applications for registration to offer and sell
3 franchises in California. The California consent order further alleges that StretchMed distributed the FDD,
4 which contained the improperly audited financial statements, to prospective franchisees pursuant to the offer
5 and sale of franchises in California.

6 6. Despite having a pending registration application with the Department, StretchMed did not
7 disclose that it had submitted the improperly audited financial statements nor that it entered a consent order
8 in California regarding the materially inaccurate FDD as soon as reasonably possible. Additionally,
9 StretchMed did not make these required disclosures on its own initiative. Instead, on December 11, 2023, the
10 Department sent a comment letter informing StretchMed it was aware of the licensing actions taken against
11 the accountant who audited its financial statements and of its entry into a consent order in California. The
12 Department requested StretchMed revise its FDD to include properly audited financial statements and to
13 properly disclose the consent order in item 3 of its FDD.

14 7. In response, on December 21, 2023, StretchMed submitted an amended registration application
15 with an updated FDD which disclosed that “on or about June 28, 2023, we applied for the franchise registration
16 in the State of California. The Department of Financial Protection and Innovation of the State of California
17 notified us that the CPA who had completed the audit of our financials did not have an active license. Our
18 application was denied and we would be charged of [sic] \$3,000 for this administrative action. We retained a
19 new CPA who completed a new audit for our financials.” The amended FDD StretchMed disclosed in its
20 amended application contained financial statements that were audited by a licensed CPA.

21 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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23 **CONCLUSIONS OF LAW**

1 1. StretchMed violated RCW 19.100.170(1), the antifraud section of the Franchise Investment
2 Protection Act, by submitting untrue statements of material fact in the form of financial statements that were
3 not audited by a properly licensed CPA in its application to register to sell franchises. StretchMed further
4 violated RCW 19.100.170(1) by omitting material facts and/or failing to notify the Department of a material
5 change in its application by not amending its FDD as soon as reasonable possible to include disclosure of
6 entry into a consent order with the State of California on October 20, 2023.

7 Based upon the foregoing and finding it in the public interest:

8 **FINAL ORDER**

9 IT IS HEREBY ORDERED that Respondent StretchMed Franchise LLC, and their agents and
10 employees, shall each cease and desist from violating RCW 19.100.170, the anti-fraud section of the Franchise
11 Investment Protection Act.

12 **AUTHORITY AND PROCEDURE**

13 This ORDER is entered pursuant to RCW 19.100.248 and is subject to Chapter 34.05 RCW.
14 Respondents have the right to petition the superior court for judicial review of this agency action under Part
15 V of Chapter 34.05 RCW.

16 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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18 SIGNED and ENTERED this 21st day of March, 2024.

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/s/

William M. Beatty
Securities Administrator

Approved by:

/s/

Brian J. Guerard
Chief of Enforcement

Presented by:

/s/

Denise Griffith
Financial Legal Examiner

Reviewed by:

/s/

Holly Mack-Kretzler
Financial Legal Examiner Supervisor