

**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 of)
Washington by:)
)
RMG Rehabilitation Management Group, Limited)
Partnership d/b/a Osteoarthritis Centers of America)
and RMG Holdings, Inc., f/k/a Rehabilitation)
Management Group, Inc.)
)
Respondents.)

Order No. S-12-0964-12-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondents, RMG Rehabilitation Management Group, Limited Partnership d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc. do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents RMG Rehabilitation Management Group, Limited Partnership d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc. neither admit nor deny the Tentative Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

I. Respondents

1. RMG Rehabilitation Management Group, Limited Partnership (RMG), doing business as Osteoarthritis Centers of America, is a Texas limited partnership with its place of business in Houston, Texas. RMG is a franchising company formed for the purpose of offering franchises for the operation of osteoarthritis and pain treatment programs.

2. RMG Holdings, Inc., (RMGHI) formerly known as Rehabilitation Management Group, Inc. is a predecessor of RMG and a South Carolina corporation with its place of business in Florence, South Carolina.

II. Nature of Offering

3. In 2010, Respondents RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc., the predecessor of RMG, and RMG d/b/a Osteoarthritis Centers of America offered and sold licenses to Washington residents to offer its proprietary arthritis and pain treatment programs. Respondents offered the license to use its names and marks through its website, by seminars, word of mouth, email and telephone. Respondents offered to provide purchasers with training and support services that included several days of marketing, business and clinical training. Respondents offered purchasers the opportunity to purchase equipment and supplies through its group purchase arrangements. Respondents

1 offered and sold the purchasers territories at an initial fee of \$5,000 plus a \$375 service fee per patient and also an
2 initial fee of \$30,000 with a \$3,750 monthly service fee per territory. Respondents provided purchasers with an
3 operations manual for the business.

3 **III. Registration Status**

4 4. Respondents, Respondents RMG Rehabilitation Management Group, Limited Partnership d/b/a
5 Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc. are not
6 currently registered to sell franchises in the state of Washington and have not previously been so registered. There is
7 no notification of exemption on file with the state of Washington.

7 **IV. Failure to Deliver Offering Circular**

8 5. In connection with the offer and sale of the licenses, Respondents failed to provide the prospective purchasers
9 with a disclosure document or offering circular as required by RCW 19.100.080 that contained the information about
10 the franchise required by RCW 19.100.040.

11 Based upon the above Findings of Fact, the following Conclusions of Law are made:

12 **CONCLUSIONS OF LAW**

13 **I.**

14 The offer or sale of licenses as described above constitutes the offer and/or sale of a franchise as defined in
15 RCW 19.100.010(16) and RCW 19.100.010(4).

16 **II.**

17 The offer or sale of said franchises was in violation of RCW 19.100.020 because no registration for such offer
18 and/or sale is on file with the Securities Administrator, state of Washington.

19 **III.**

20 The offer and/or sale of said franchises were in violation of RCW 19.100.080 because Respondents failed to
21 provide the prospective purchasers with a disclosure document or offering circular as required by RCW 19.100.080
22 that contained the information about the franchise required by RCW 19.100.040.

23 **CONSENT ORDER**

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

25 **IT IS AGREED AND ORDERED THAT Respondents RMG Rehabilitation Management Group, Limited
Partnership d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group,**

1 Inc., their agents and employees shall each cease and desist from offering or selling franchises in violation of RCW
19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

2 IT IS FURTHER AGREED that Respondents RMG Rehabilitation Management Group, Limited Partnership
3 d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc. each
4 shall cease and desist from violating RCW 19.100.080, the delivery of offering circular section of the Franchise
Investment Protection Act of the State of Washington.

5 IT IS FURTHER AGREED AND ORDERED that Respondents RMG Rehabilitation Management Group,
6 Limited Partnership d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation
7 Management Group, Inc. shall pay the Securities Division the costs and other expenses incurred in the investigation of
this matter in the amount of \$4,875 on or before the date of entry of this Consent Order.

8 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

9 IT IS FURTHER AGREED that Respondents RMG Rehabilitation Management Group, Limited Partnership
10 d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a Rehabilitation Management Group, Inc., each
enter into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

11 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents RMG Rehabilitation
12 Management Group, Limited Partnership d/b/a Osteoarthritis Centers of America and RMG Holdings, Inc., f/k/a
13 Rehabilitation Management Group, Inc. each waives its right to a hearing and to judicial review of this matter.

14 Signed this 4th day of June, 2012.

15 _____
/s/

16 RMG Rehabilitation Management Group, Limited Partnership by Richard Binstein, Vice President

17 Signed this 5th day of June, 2012.

18 _____
/s/

19 RMG Rehabilitation Holdings, Inc. f/k/a Rehab Management Group, Inc. by William Feley, President

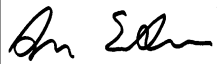
20 -----
21 SIGNED and ENTERED this 19th day of June, 2012.

22
23 

24 William M. Beatty
25 Securities Administrator

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Martin Cordell
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia WA 98507-9033
360-902-8760