

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

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IN THE MATTER OF DETERMINING ) Order No.: S-19-2814-20-CO01  
whether there has been a violation of the )  
Franchise Investment Protection Act of ) CONSENT ORDER  
Washington by: )  
)  
iCRYO Franchise Systems LLC, )  
)  
Respondent )

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Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent iCRYO Franchise Systems LLC do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent iCRYO Franchise Systems LLC neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

**FINDINGS OF FACT  
Respondent**

1. iCRYO Franchise Systems LLC (“iCRYO”) is a Texas limited liability company formed on September 8, 2017 with its principal place of business in Houston, Texas. iCRYO offers franchise systems for providing cryotherapy, where people are exposed to extreme cold temperatures in order to promote improved health and wellness. iCRYO offers a system for operating a business that includes a required marketing plan, proprietary marks, and a franchise royalty fee. William M. Jones Jr. is the Chief Executive Officer of iCRYO.

**Registration Filing**

2. iCRYO became registered to sell its franchises in the state of Washington on July 16, 2019. As part of the registration process, iCRYO filed a Franchise Disclosure Document (“FDD”). In the FDD, iCRYO agreed that it would not make any financial performance representations to prospective franchisees

1 that were outside the scope of the FDD and that it would not authorize its employees or representatives to  
2 make any such representations.

### 3 **Nature of the Conduct**

4 3. In September 2019, iCRYO offered a franchise that was to be located in the state of  
5 Washington. iCRYO did not provide the prospective franchise purchaser with the FDD. Instead, iCRYO  
6 provided the prospective purchaser with an iCRYO business plan and pro forma financial statements,  
7 including financial performance representations that were not part of the FDD.

8 4. iCRYO furnished the prospective franchise purchaser with materially misleading information  
9 about the projected revenues from operating an iCRYO franchise. In the FDD that iCRYO filed with the  
10 Securities Division on July 17, 2019, there were total gross revenues for two franchised store locations: one  
11 in New York and one in Texas. The gross revenues for Location 1 averaged approximately \$48,531 per  
12 month, while the gross revenues for Location 2 averaged approximately \$16,775 per month. However, the  
13 iCRYO financial statements that were provided to the prospective purchaser showed that gross sales revenues  
14 would start at \$35,450 for month 1 and would increase to \$51,700 by month 12.

15 5. iCRYO provided the prospective franchise purchaser with materially misleading information  
16 about the anticipated net profits from operating an iCRYO franchise. The net profits were derived from the  
17 misleading projected revenues. The net profit information was also based upon company store operations that  
18 were located in a different geographic area (Texas). In addition, franchise stores have to pay costs that  
19 company stores do not have to pay. The financial statements showed that the franchise purchaser would have  
20 a net profit of \$724 for month 1 and a net profit of \$13,969 for month 12, with a total net profit of \$125,533  
21 for year 1 of operations. The financial statements showed that the franchise purchaser would have a total net  
22 profit of \$198,820 for year 2 and \$216,436 for year 3. However, the net profit projections failed to include  
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1 the advertising costs (brand development fund) and the \$39,000 initial franchise fee that was included in the  
2 FDD and that the franchisee would be required to pay.

3 6. When offering the franchise opportunity, iCRYO also failed to disclose to the prospective  
4 franchise purchaser that the franchisee would be responsible for paying minimum royalty fees of \$250 per  
5 week and for paying a minimum brand development fund of \$50 per week, regardless of whether the franchise  
6 had any revenues or not.

### 7 **CONCLUSIONS OF LAW**

8 1. The offer of an iCRYO franchise as described above constitutes the offer of a franchise as  
9 defined in RCW 19.100.010(6) and RCW 19.100.010(12).

10 2. The offer of said franchise was made in violation of RCW 19.100.170 because Respondent iCRYO  
11 failed to provide a prospective franchise purchaser with a current FDD, provided financial performance  
12 representations that were outside the FDD, provided materially misleading information, and failed to disclose  
13 all material facts when offering the franchise opportunity.

### 14 **CONSENT ORDER**

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

16  
17 IT IS AGREED AND ORDERED THAT Respondent iCRYO Franchise Systems LLC and their  
18 agents and employees shall each cease and desist from offering franchises in violation of RCW 19.100.170,  
19 the anti-fraud section of the Franchise Investment Protection Act of the state of Washington.  
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21 IT IS FURTHER AGREED that Respondent iCRYO Franchise Systems LLC shall be liable for and  
22 shall pay investigative costs of \$500 prior to the entry of this Consent Order.

23 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.  
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IT IS FURTHER AGREED that Respondent iCRYO Franchise Systems LLC enters into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent iCRYO Franchise Systems LLC waives its right to a hearing and to judicial review of this matter.

Signed this 10th day of January, 2020

Signed by:  
iCRYO Franchise Systems LLC

By /s/ William M. Jones Jr.  
William M. Jones Jr.  
Chief Executive Officer

SIGNED and ENTERED this 17th day of January, 2020



William M. Beatty  
Securities Administrator

Approved by:



\_\_\_\_\_  
Suzanne Sarason  
Chief of Enforcement

Presented by:

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Janet So  
Financial Legal Examiner

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Reviewed by:



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Brian J. Guerard  
Financial Legal Examiner Supervisor