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:

Order Number: S-23-3612-23-CO03

CONSENT ORDER

Albert V. Mendoza;

Respondent.

beverages, supplements, and fitness-related apparel and merchandise.

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Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Albert V. Mendoza do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Albert V. Mendoza neither admits nor denies the Findings of Fact of Conclusions of Law as stated below.

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FINDINGS OF FACT

Respondent

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1. Albert V. Mendoza (Mendoza) is a resident of California. Mendoza is the Executive Vice President of ZGrowth Partners, LLC. Mendoza has been the Executive Vice President of ZGrowth Partners, LLC since February 2016.

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Other Person and Entities

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2. Madabolic Franchise System, LLC (d/b/a MADabolic) (Madabolic) is a Delaware limited

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liability company organized on June 19, 2019 that is based in Charlotte, North Carolina. Madabolic sells

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franchises involving the operation of an athletic conditioning facility that offers group fitness classes,

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CONSENT ORDER 25

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- 3. ZGrowth Partners, LLC (ZGrowth) is a Florida limited liability company formed on January 19, 2016 that uses a business address in Miami, Florida. ZGrowth is a franchise consulting firm that manages franchise sales, operations, and brand development.
- 4. Rick Del Sontro (a/k/a Ricky Del Sontro) (Del Sontro) is a resident of the District of Columbia and the Chief Executive Officer (CEO) of ZGrowth. Del Sontro has been the CEO of ZGrowth since June 2018.

Nature of the Conduct

- 5. On August 19, 2019, Madabolic entered into a Franchise Consulting Agreement with ZGrowth. Under the terms of the agreement, Madabolic paid ZGrowth a monthly retainer for franchise sales and paid a commission of 50% on each franchise sale. ZGrowth assisted Madabolic in developing a franchise marketing plan, including marketing strategies, programs, and a budget. ZGrowth assisted Madabolic in establishing a franchise recruiting process that would be implemented by ZGrowth, including initial lead generation through discovery day and final execution of the franchise agreement. Madabolic also paid a monthly retainer to ZGrowth to assist in the operations of the company.
- 6. Between at least 2022 and 2023, Madabolic offered franchises to the public, including Washington residents, through its website, madabolic.com. Persons visiting the madabolic.com website could fill out a form to request a copy of the company's "Franchise Brochure." Between 2022 and 2023, at least eight Washington residents submitted inquiries through the Madabolic website. The website inquiries generated email "leads" that were sent to ZGrowth personnel including Mendoza.
- 7. In April 2022, Mendoza contacted a Washington resident who submitted a franchise inquiry through the Madabolic website. Mendoza presented information regarding Madabolic and facilitated a "Discovery Day" event with a Washington resident in North Carolina.

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- 8. On May 18, 2022, Mendoza emailed a link to a Washington resident to access a copy of a Franchise Disclosure Document (FDD) for Madabolic. On May 31, 2022, Madabolic filed an initial franchise registration application (File No. 70017686) with the Securities Division of the state of Washington. In August 2022, the Washington resident completed and submitted a Franchise Application for Madabolic. In September 2022, Mendoza sent an email to the Washington resident with a copy of an FDD for Madabolic. Mendoza stated in the email that he was "anticipating Washington State approval" of the FDD. A couple of months later, in November 2022, the Securities Division issued Madabolic a permit to offer and sell franchises in Washington that was made effective on November 23, 2022.
- 9. In July 2023, Mendoza contacted another Washington resident who submitted a franchise inquiry through the Madabolic website and completed a Request for Franchise Consideration. Mendoza scheduled a webinar with the Washington resident regarding Madabolic franchises.
- 10. On August 1, 2023, Mendoza filed a franchise broker application (File No. 10006927) with the Securities Division to register as a franchise broker pursuant to RCW 19.100.140 and WAC 460-82. The Securities Division issued a permit to Mendoza which was effective on August 4, 2023 and which expires on December 31, 2023.

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

CONCLUSIONS OF LAW

- 1. The offer or sale described above constitutes the offer or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).
- 2. The conduct of Albert V. Mendoza, as described above in the Findings of Fact, constitutes the engagement, directly or indirectly, as a franchise broker in the business of the offer or sale of franchises as defined in RCW 19.100.010(7).

CONSENT ORDER

1	3. Albert V. Mendoza offered a franchise in violation of RCW 19.100.140 because he was not			
2	registered as a franchise broker with the state of Washington at the time of the offer of a franchise to a			
3	Washington resident.			
4	CONSENT ORDER			
5	Based on the foregoing and finding it in the public interest:			
6	IT IS FURTHER AGREED AND ORDERED that Respondent Albert V. Mendoza shall cease and			
7	desist from offering or selling franchises in violation of RCW 19.100.140, the franchise broker registration			
8	section of the Franchise Investment Protection Act of the state of Washington.			
9	IT IS FURTHER AGREED AND ORDERED that Respondent Albert V. Mendoza shall be liable for			
10	and shall pay investigative costs of \$2,000 prior to the entry of this Consent Order.			
11	IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.			
12	IT IS FURTHER AGREED that Respondent Albert V. Mendoza enters into this Consent Order			
13	freely and voluntarily and with full understanding of its terms and significance.			
14	IT IS FURTHER AGREED that in consideration of the foregoing, Albert V. Mendoza waives his			
15	right to a hearing and to judicial review of this matter.			
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17	Signed this 29th day of September , 2023.			
18	Signed by:			
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24	DEDADTMENT OF FINANCIAL INSTITUTIONS			

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2	SIGNED and ENTERED this31	rd day of	<u>October</u>	, 2023.
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10			<u>/s/</u> William M. Beatty Securities Administrator	
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12	Approved by:		Presented by:	
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14	Brian J. Guerard		<u>/s/</u> Robert Kondrat	
15	Chief of Enforcement		Financial Legal Examiner	
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