

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

In the Matter of:

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NURSE NEXT DOOR HOME
HEALTHCARE SERVICES (USA), INC.

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Case Number 2016-0835

*

Respondent.

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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 Nurse Next Door Home Healthcare Services (USA), Inc. (“Nurse Next Door”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§14-201 et seq. (2015 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Commissioner”) concluded that grounds exist to allege that Nurse Next Door violated the disclosure provisions of the Maryland Franchise Law in relation to the offer to sell, and sale, of Nurse Next Door franchises in Maryland;

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Nurse Next Door admitting or denying any violation of law, the Commissioner and Nurse Next Door have reached an agreement to enter into this Consent Order;

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECREED:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding and over Nurse Next Door pursuant to section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

A. Respondent

2. Nurse Next Door is a Washington corporation with a principal business address of Suite 300 –1788 West 5th Avenue, Vancouver, British Columbia.

3. Nurse Next Door offers and sells franchises for businesses that provide comprehensive care and medical services to home care clients and supplemental healthcare staff to institutional clients.

4. Nurse Next Door has been registered with the Securities Division to offer and sell franchises under the Maryland Franchise Law from June 19, 2012 to the present.

5. On December 22, 2015, Nurse Next Door filed an application with the Securities Division to renew its then-effective franchise registration in Maryland.

6. On December 30, 2015, the Securities Division reviewed Nurse Next Door's franchise registration application and advised counsel for Nurse Next Door that, as a condition of registering the Nurse Next Door franchise offering in Maryland, the franchisor must comply with a financial assurance condition, such as an agreement to defer franchise fees and other initial payments payable by franchisees until the franchisor completes its pre-opening obligations under the franchise agreement.

7. On January 12, 2016, Nurse Next Door filed a response to the Securities Division's comment letter with an amended Franchise Disclosure Document ("FDD"). As amended, the Maryland Specific Addendum to that FDD states that "Item 5 and 7 of the

Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees are paid when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business“ (the “Deferral Condition”).

8. The Securities Division made Nurse Next Door’s franchise registration effective as of January 12, 2016.

B. Nurse Next Door’s 2016 Franchise Sales

9. In 2016, Nurse Next Door had discussions with representatives of a Maryland corporation, Four Gloves, Inc. (“Four Gloves”) about buying a Nurse Next Door franchise to be located in Prince George’s County, Maryland.

10. Nurse Next Door directed Four Gloves to pay the franchise fee due under the Nurse Next Door franchise agreement into an escrow account (the “California Escrow Account”) with a California escrow agent.

11. On or about April 21, 2016, Four Gloves paid a franchise fee of \$55,000. The funds were deposited into the California Escrow Account.

12. On April 28, 2016, Nurse Next Door entered into a franchise agreement with Four Gloves to operate a Nurse Next Door franchise business in Prince George’s County, Maryland.

13. At the time Four Gloves paid the franchise fee into the California Escrow Account, Nurse Next Door had not completed any pre-opening obligations to Four Gloves under the Nurse Next Door franchise agreement.

14. The FDD that Nurse Next Door gave to Four Gloves included the Deferral Condition.

15. Nurse Next Door had discussions with representatives of another Maryland

corporation, Anne Arundel Home Health Care, Inc. (“Anne Arundel”) about buying a Nurse Next Door franchise to be located in Anne Arundel County, Maryland.

16. Nurse Next Door directed Anne Arundel to pay the franchise fee due under the Nurse Next Door franchise agreement into the California Escrow Account.

17. On or about March 10, 2016, Anne Arundel paid a franchise fee of \$23,500, representing one-half of the franchise fee due under the Nurse Next Door franchise agreement. The funds were deposited into the California Escrow Account.

18. On May 1, 2016, Nurse Next Door entered into a franchise agreement with Anne Arundel to operate a Nurse Next Door franchise business in Prince George’s County, Maryland.

19. At the time Anne Arundel paid the franchise fee into the California Escrow Account, Nurse Next Door had not completed any pre-opening obligations to Anne Arundel under the Nurse Next Door franchise agreement.

20. The FDD that Nurse Next Door gave to Anne Arundel included the Deferral Condition.

21. Nurse Next Door represents that it has implemented new procedures to ensure that, in the future, Nurse Next Door complies with the disclosure provisions of the Maryland Franchise Law, including the current and any future Deferral Conditions.

22. Nurse Next Door further represents that, other than the franchise sales to Four Gloves and Anne Arundel, Nurse Next Door has not sold any other franchises in Maryland or to any Maryland resident at a time the Deferral Condition was in place for which Nurse Next Door directed the prospective franchisee to pay franchise fees into an escrow account rather than defer receipt of those fees pending completion of its pre-opening obligations under the Nurse Next Door franchise agreement.

III. CONCLUSIONS OF LAW

23. By engaging in the above activities, the Commissioner has concluded that Nurse Next Door violated section 14-230 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

24. THE COMMISSIONER HEREBY ORDERS, AND NURSE NEXT DOOR REPRESENTS AND CONSENTS THAT:

- A. Nurse Next Door shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Prior to the date of this Consent Order, Nurse Next Door has caused the franchise fees paid by Four Gloves and Anne Arundel to be returned to them without limitation or condition.
- C. Nurse Next Door acknowledges that this Consent Order is a discloseable 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

25. Jurisdiction shall be retained by the 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

26. If Respondent fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against it to enforce this Consent Order or to sanction it for violating an order of the 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 Commissioner or a court finds that

Respondent has 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 it.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

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

SO ORDERED:

Commissioner's Signature on
File w/Original Documents

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

January 13, 2017

BY CONSENT:

Nurse Next Door Home Healthcare Services (USA), Inc.

Name: _____

Title: _____