

BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

Off Leash K9 Training, LLC,

Case No. 2018-0139

Respondent.

* * * * *

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 Off-Leash K9 Training, LLC (“Off-Leash”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. §14-201 et seq. (2015 Repl. Vol. and Supp. 2017) (the “Maryland Franchise Law”) and the regulations promulgated thereunder; and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Securities Commissioner”) has concluded that grounds exist to allege that Off-Leash violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale in Maryland of a franchise; and

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

WHEREAS, Off-Leash waives its rights to a hearing and any rights to seek judicial review

or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, it is hereby agreed, and the Securities Commissioner hereby orders:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

2. Off-Leash is a Virginia Limited Liability Company with a principal business address of 8164 Greenwich Road, Catlett, Virginia 20119.

3. In 2010, Off-Leash began offering a canine training certification course and licensing program to allow licensees to utilize the Off-Leash name and logo to market the licensees' business as an Off-Leash K9 Training certified trainer.

4. On April 29, 2013, Off-Leash entered into a License Agreement with Bailey's OLK9 Training, LLC, a Maryland corporation with a principal business address in Columbia, Maryland.

5. At the time Off-Leash entered into the License Agreement with Bailey's, Off-Leash had not proactively marketed its licensing program. According to Off-Leash, the owner of Bailey's had approached Off-Leash to inquiry about a licensing opportunity.

6. Bailey's renewed its Off-Leash License Agreement for two successive two year terms in both 2015 and 2017.

7. The License Agreement that Off-Leash entered into with Bailey's granted Bailey's the non-exclusive license to use Off-Leash's name, logo, trademarks, signs, symbols and marks

that Off-Leash uses in the development and operation of canine training centers.

8. Under Bailey's License Agreement, Bailey's paid Off-Leash a one-time licensing fee and a continuing monthly royalty fee.

9. Off-Leash has never registered to offer or sell franchises under the Maryland Franchise Law.

10. Off-Leash did not provide a Franchise Disclosure Document to Bailey's.

11. Off-Leash represents that, other than the sale of its licensing program to Bailey's, Off-Leash has not entered into any Off-Leash License Agreement to any Maryland residents or to any other resident for the right to operate an Off-Leash K9 Training business located in Maryland.

12. Off-Leash represents that it has engaged an attorney experienced with franchise law compliance matters and that, in the future, it will comply with all registration and disclosure requirements under the Maryland Franchise Law.

13. Off-Leash represents and agrees that it will promptly file and diligently pursue an application with the Securities Division to register the Off-Leash licensing opportunity as a franchise.

14. Off-Leash further represents and agrees that, in the future, it will comply with all registration and disclosure provisions under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

15. By engaging in the above activities, the Commissioner has concluded that Off-Leash violated the registration and disclosure provisions, §§14-214, 14-216, and 14-223, of the Maryland Franchise Law.

IV. ORDER AND CONSENT

16. THE COMMISSIONER HEREBY ORDERS AND OFF LEASH HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Off-Leash shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Within five (5) days of its receipt of the fully executed Consent Order of the Securities Commissioner, Off-Leash shall send to Bailey's a copy of this signed Consent Order;
- C. Off-Leash shall promptly file with the Securities Division and diligently pursue an application to register the Off-Leash franchise offering under the Maryland Franchise Law. For purposes of this Agreement, "diligently pursue" means that an applicant submits a substantive response to each Securities Division comment letter regarding a registration application no later than 30 days after the applicant's receipt of that comment letter;
- D. Upon notification by the Securities Division that Off-Leash's franchise offering has been effectively registered for use in Maryland, Off-Leash shall send to Bailey's the following: (i) a copy of the applicable, effectively registered Maryland FDD; and (ii) a letter, in substantially the form attached to this letter as Exhibit 1, notifying Bailey's that it has the opportunity to rescind its Off-Leash License Agreement under the terms stated in that letter;
- E. Off-Leash agrees that if Bailey's accepts Off-Leash's offer to rescind its license agreement in response to the Offer to Rescind Franchise/License Agreement, Off-Leash will complete payments to Bailey's within thirty (30) days of Off-Leash's receipt of that written Acceptance; and
- F. Off-Leash acknowledges that this Consent Order is a disclosable 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

17. 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

18. If Off-Leash 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 Securities 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 Securities Commissioner or a court finds that Off-Leash 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.

VII. MODIFICATION OF CONSENT ORDER

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

SO ORDERED:

**Commissioner's Signature on File
w/Original Document**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

May 9, 2018

BY CONSENT:

Off-Leash K9 Training, LLC

By: Nicholas White, Owner

FORM
(On Company Letterhead)

Certified Mail
Return Receipt Requested

Re: [Company] Notice of Offer to Rescind Franchise/License Agreement

Dear _____:

In accordance with discussions our attorneys have had with the Securities Division of the Office of the Attorney General of Maryland (the "Securities Division"), [Insert name of Company] ("we") have agreed to offer rescission to any persons who entered into a License Agreement with us related to the operation of an Off-Leash K9 Training business in Maryland to settle allegations that we entered into a franchise in violation of the registration and disclosure provisions of the Maryland Franchise Law. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your license agreement, we agree to return to you all initial license fees you paid us and cancel all post-term and non-competition obligations you may have to us under the License Agreement for your Maryland location, other than those obligations discussed in this letter.

In the event you elect to rescind, we will cancel your License Agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information. We will make payments within thirty (30) days after we receive your Acceptance of Offer to Rescind your Franchise/License Agreement.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Securities Division (410-576-6368).

Sincerely,

THE COMPANY

Exhibit 1

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE/LICENSE
AGREEMENT

1. I, the undersigned licensee, acknowledge that I have read the preceding Notice of Offer to Rescind Franchise Agreement/License Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my Franchise Agreement/License Agreement:

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

_____ I do **not accept** your offer of rescission. I wish to remain a franchisee or licensee under my License Agreement.

Date: _____

Franchisee/Licensee