

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

Protshake, LLC,

and

Leonardo Manosalva,

Respondents.

Case No. 2017-0731

* * * * *

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 Protshake, LLC and its managing member, Leonardo Manosalva (collectively, “Respondents”) 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 Respondents violated the registration, disclosure, and anti-fraud 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 Respondents admitting or denying any violation of law, the Securities Commissioner and Respondents have reached an agreement to enter

into this Consent Order; and

WHEREAS, Respondents waive their 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

A. Respondents

2. Protshake, LLC (“Protshake”) is a Florida Limited Liability Company with a principal business address of 1343 Shotgun Road, Sunrise FL 33326.

3. Protshake offers and sells franchises for distribution businesses that sell healthy drink and dietary supplement products under the name Blint (“Blint Franchise”).

4. Leonardo Manosalva (“Manosalva”) is a managing member for Protshake.

5. Protshake has never registered with the Securities Division to offer and sell franchises under the Maryland Franchise Law.

6. On July 28, 2016, Protshake provided AP, a resident of Garrett Park, Maryland, with a copy of a Franchise Disclosure Document (“FDD”) for a Blint Franchise.

7. The Blint FDD that Protshake provided to AP stated that it had an issuance date of August 11, 2016 but no Maryland registration effective date.

8. On August 15, 2016, Protshake entered into a franchise agreement with AP for a

Blint Franchise. Manosalva signed the franchise agreement on behalf of Protshake.

9. AP paid Protshake an initial fee of \$18,000. AP also paid Protshake or its affiliate, PS Supplies, LLC, for the cost of equipment, starting supply kits, and shipping costs for that equipment, although AP terminated her franchise agreement before Protshake shipped the equipment and other supplies to her.

10. The FDD that Protshake provided to AP was not reviewed or registered by the Securities Division and did not contain all of the disclosures required under the Maryland Franchise Law.

11. Among other things, the Protshake FDD included a financial performance representation that includes a forecast of probable sales and profit that a prospective franchisee could achieve with five automated retail units for a 12 month period. That forecast is not based on historic results of any Protshake franchisees or company owned units. It does not disclose any material bases or assumptions on which the forecast is based.

12. Protshake was represented by a solo Florida attorney at the time it entered into a franchise agreement with AP.

13. By September 1, 2017, Protshake had engaged a new attorney and law firm with experience in federal and state franchise laws to assist it to comply with all registration and disclosure requirements, including those under the Maryland Franchise Law.

14. On or around September 1, 2017, Protshake made a rescission offer to AP, offering her the opportunity to rescind her Protshake Franchise, which AP accepted.

15. Prior to the date of this Consent Order, AP and Protshake's mutually agreed on the amount of the rescission Protshake would pay to AP and the timing of those payments. AP was represented by an attorney at the time she accepted Protshake's rescission offer.

16. As of the date of this Consent Order, Protshake has fully refunded AP's initial franchise fee. Protshake and AP agreed that Protshake would make payments to AP over a period of 16 months to refund the other fees she paid to Protshake or its affiliate in relation to her purchase of a Blint Franchise.

17. Protshake represents that, other than the sale to AP, Protshake has not offered to sell or sold a Blint franchise to any Maryland resident or any other resident related to the operation of a Blint franchise to be located in Maryland.

18. Protshake represents that it has implemented new procedures to ensure that, in the future, it complies with all registration and disclosure requirements under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

19. By engaging in the above activities, the Commissioner has concluded that Protshake and Manosalva violated §§14-214, 14-216, 14-223, 14-228, and 14-229 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

20. THE COMMISSIONER HEREBY ORDERS AND RESPONDENTS HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Protshake shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Protshake acknowledges that its rescission offer to AP shall not act as a waiver or release of any private causes of action that franchisee may have under the Maryland Franchise Law;
- C. Protshake may not offer or sell franchises in Maryland, and will not file an application with the Securities Division to register its franchise offering, until Protshake provides to the Securities Division proof that it has completed payments due to AP under the rescission the parties negotiated;

- D. Protshake acknowledges that any failure to make rescission payments due to AP under the agreement reached between those parties constitutes a violation of this Consent Order;
- E. If, after completing rescission payments to AP as required in this Consent Order, Protshake seeks to offer to sell or sell any franchises in Maryland in the future, before submitting an application with the Securities Division to register its franchise offering, Protshake shall first require its officers and any others who will directly engage in the offer or sale of franchises in Maryland to attend and complete a franchise law compliance training program approved by the Securities Division;
- F. Protshake 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

21. 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

22. If Protshake 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 Protshake 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

23. 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:

January 30, 2017

BY CONSENT:

Protshake, LLC

By: Leonardo Manosalva, Managing Member

Leonardo Manosalva