

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

**MW Franchise Holdings
International, LLC, dba
Mayweather Boxing + Fitness**

Respondents.

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Case No. 2022-0200

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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 MW Franchise Holdings International, LLC, dba Mayweather Boxing + Fitness (“MBF”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. §§ 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 “Securities Commissioner”) has concluded that grounds exist to allege that MBF violated the registration provisions of the Maryland Franchise Law in relation to the offer and sale of franchises in Maryland or to Maryland residents; 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 MBF admitting or denying any violation of law, the Securities Commissioner and MBF have reached an agreement to enter into this Consent Order; and

WHEREAS, MBF waives its right 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. MBF is a Delaware limited liability company with a principal business address of 7700 Windrose Avenue, #G300, Plano, TX 75024.

3. MBF offers franchises for the operation of boxing fitness studios under the name Mayweather Boxing + Fitness.

4. MBF was registered with the Securities Division to offer and sell franchises under the Maryland Franchise Law from August 7, 2018 through August 7, 2019 and from March 13, 2020 through March 13, 2021.

5. On May 26, 2022, MBF refiled an initial franchise registration with the Securities Division after a lapse in its Maryland registration of approximately 14 months.

6. On July 1, 2022, the Securities Division responded to MBF's refiled initial application with a comment letter outlining several deficiencies in its Franchise Disclosure Document that MBF had to address in order for the Securities Division to re-register MBF's franchise registration in Maryland. In addition, the Securities Division requested that MBF

submit an undertaking that it neither offered nor sold franchises in Maryland or to any Maryland residents during the time the franchisor was not effectively registered under the Maryland Franchise Law.

7. On October 26, 2022, MBF responded to the Securities Division's July 1, 2022 comment letter with, among other things, an affidavit from MBF's Chief Executive Officer acknowledging that, on May 26, 2021, during the period when MBF's franchise registration had lapsed in Maryland, MBF sold a franchise to a Maryland resident for a franchise to be located in the District of Columbia. MBF's counsel represented to the Securities Division that MBF and this franchisee agreed to relocate her franchise outlet to Columbia, Maryland.

8. In December 2022, counsel for MBF represented that MBF offered and sold an additional franchise subject to registration under the Maryland Franchise Law when MBF was not registered with the Securities Division to offer franchises under the Maryland Franchise Law.

9. The MBF franchise agreements subject to registration under the Maryland Franchise Law that MBF sold to prospective franchisees (collectively "Maryland Franchisees") during time periods when the MBF franchise offering was not registered under the Maryland Franchise Law are described below:

- A. On October 30, 2019, MBF entered into a Franchise Agreement with Lifetime Enterprises, LLC, a Maryland limited liability company, for a franchise outlet the parties originally agreed was to be located in the District of Columbia and subsequently agreed could be located in Bowie, Maryland.
- B. On May 26, 2021, MBF entered into a Franchise Agreement with A&O Fitness, LLC, a Maryland limited liability company, for a franchise outlet the parties originally agreed to be located in the District of Columbia and

subsequently agreed could be located in Columbia, Maryland.

10. MBF represents that it provided Franchise Disclosure Documents to the Maryland Franchisees within the time period required under the Maryland Franchise Law, although MBF acknowledges that the Franchise Disclosure Documents it provided to the Maryland Franchisees were not registered under the Maryland Franchise Law at the times MBF provided them to the Maryland Franchisees.

11. MBF represents that, other than offers and sales to the Maryland Franchisees discussed in this Consent Order, MBF did not enter into any franchise agreements with any Maryland residents or with any other residents relating to franchises to be located in Maryland at any times when MBF was not registered to offer franchises under the Maryland Franchise Law.

12. The Securities Division has received and reviewed a pending franchise registration application for MBF, and as of the date of this Consent Order, MBF has resolved all comments issued by the Securities Division regarding that application, other than a comment to disclose the existence and substance of this Consent Order.

13. MBF represents and agrees that, in the future, it will comply with all provisions under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

14. By engaging in the above activities, the Securities Commissioner has concluded that MBF violated §§14-214, 14-216, and 14-231 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

15. THE SECURITIES COMMISSIONER HEREBY ORDERS AND MBF HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, MBF shall submit to the Securities Division a pre-effective amendment to its pending franchise registration application, with a

revised Franchise Disclosure Document that discloses the existence and substance of this Consent Order as required under Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

- B. Upon notification by the Securities Division that MBF's franchise offering has been effectively registered for use in Maryland, MBF shall send to the Maryland Franchisees the following: (i) a copy of the applicable, effectively registered Maryland FDD for the MBF franchise offering; and (ii) a letter, in substantially the form attached to this letter as Exhibit 1, captioned "Offer to Rescind Franchise Agreement" notifying the Maryland Franchisee that, now that the MBF franchise offering is effectively registered in Maryland, the Maryland Franchisee may continue as a franchisee under its existing Franchise Agreement, or it may rescind that Franchise Agreement under the terms stated in that letter and receive a refund of all "initial fees" as that term is described under Item 5 of the MBF Franchise Disclosure Document applicable to the Maryland Franchisee, including the initial franchise fee and the return of goods and services the Maryland Franchisee was required to purchase from MBF or its affiliate(s) that the Maryland Franchisee returns to MBF or its affiliate, at MBF's expense.
- C. If MBF fails to have completed the registration of a franchise offering with the Securities Division as required under this Consent Order as of sixty (60) days from the date of this Consent Order, MBF shall be assessed a civil monetary penalty in the amount of One Thousand Dollars (\$1,000.00).
- D. MBF agrees that if any Maryland Franchisee accepts the rescission offer in response to the Offer to Rescind Franchise Agreement required under this Consent Order, MBF will complete payments to the rescinding Maryland Franchisee within thirty-one (31) days of MBF's receipt of the Maryland Franchisee's written Acceptance.
- E. MBF 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

- 16. 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

- 17. If MBF fails to comply with any term of this Consent Order, the Securities

Division may bring administrative or judicial proceedings against them 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 MBF 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

18. 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 Documents**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

March 7, 2023

BY CONSENT:

MW Franchise Holdings International, LLC

By:

FORM
(On Company Letterhead)

BY FEDERAL EXPRESS

Re: [Company] Offer to Rescind Franchise 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") we have agreed to enter into the attached Consent Order and to offer rescission to Maryland franchisees who entered into franchise agreements with us at times when we were not registered to offer franchises as required under the Maryland Franchise Registration and Disclosure Law. We are making this offer in settlement of the administrative proceeding that the Division may bring for the sale of a franchise in violation of the Maryland Franchise Law. This offer does not affect any civil liability for which we may be responsible.

If you elect to rescind your franchise, we agree to cancel your franchise agreement, including all post-term and non-competition obligations you may have to us under that 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.

In the event you elect to rescind, we will return to you the initial fees you paid us (described under Item 5 of your Franchise Disclosure Document) including your initial franchise fee and fees for goods and services that you were required to purchase from us or our affiliate as part of your initial fee that you return to us, at our expense. In addition, if you were required under your franchise agreement to purchase furniture, fixtures, and equipment from us or our affiliate as part of your initial fee, we will refund you for those items that you return to us. We will make payments to you within thirty-one (31) days after we receive your Acceptance of Offer to Rescind.

If you wish to remain as a franchisee under your current franchise agreement, you may continue to do so. You should review the attached franchise disclosure document before making that decision.

Please check the appropriate place below and return a signed copy of this letter to me within the allotted time period. This offer will remain open for thirty (30) days from the date you receive this letter. If you have any questions, please contact Tade Osikomaiya, Assistant Attorney General, at the Division (410-576-7039).

Sincerely,

[The Company]

cc: Consent Order
Maryland FDD

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind Franchise 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:

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. Please contact me to arrange for the return of goods and services that I received from you for which I paid an initial fee as described under Item 5 of the Franchise Disclosure Document I received.

_____ I do not accept your offer of rescission. I wish to remain as a franchisee under my franchise agreement.

Date

Franchisee