

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND

In the Matter of:	*	
XPONENTIAL FITNESS, INC.;	*	
AKT FRANCHISE, LLC;		
AKT FRANCHISE SPV, LLC;	*	
BFT FRANCHISE HOLDINGS, LLC;		
BFT FRANCHISE SPV, LLC;	*	
CLUB PILATES FRANCHISE, LLC;		
CLUB PILATES FRANCHISE SPV, LLC;	*	
CYCLEBAR FRANCHISING, LLC;		
CYCLEBAR FRANCHISING SPV, LLC;	*	
PB FRANCHISING, LLC;		Case No. 2024-0140
PB FRANCHISING SPV, LLC;	*	
ROW HOUSE FRANCHISE, LLC;		
ROW HOUSE FRANCHISE SPV, LLC;	*	
RUMBLE FRANCHISE, LLC;		
RUMBLE FRANCHISE SPV, LLC;	*	
STRETCH LAB FRANCHISE, LLC;		
STRETCH LAB FRANCHISE SPV, LLC;	*	
STRIDE FRANCHISE, LLC;		
STRIDE FRANCHISE SPV, LLC;	*	
YOGA SIX FRANCHISE, LLC; and		
YOGA SIX FRANCHISE SPV, LLC,	*	
 Respondents,	 *	
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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: Xponential Fitness, Inc.; AKT Franchise, LLC; BFT Franchise Holdings, LLC; Club Pilates Franchise, LLC; CycleBar Franchising, LLC; PB Franchising, LLC; Row House Franchise, LLC; Rumble Franchise, LLC; Stretch Lab Franchise, LLC; Stride Franchise, LLC; Yoga Six Franchise, LLC; AKT Franchise SPV, LLC; BFT Franchise SPV, LLC; Club Pilates Franchise

SPV, LLC; CycleBar Franchising SPV, LLC; PB Franchising SPV, LLC; Row House Franchise SPV, LLC; Rumble Franchise SPV, LLC; Stretch Lab Franchise SPV, LLC; Stride Franchise SPV, LLC; and Yoga Six Franchise SPV, LLC (collectively “Respondents”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. Sections 14-201 et seq. (2024 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, as a result of that investigation, the Maryland Securities Commissioner (the “Securities Commissioner”) found grounds to allege that Respondents violated the disclosure and antifraud provisions of the Maryland Franchise Law in relation to the offer and sale of franchises in Maryland; and

WHEREAS, the Securities Commissioner further found grounds to allege that Respondents made false or misleading statements of material fact, or willfully omitted material facts, in Franchise Disclosure Documents (“FDDs”) filed with the Securities Division as part of franchise registration applications; 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 respective 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 and over Respondents pursuant to Section 14-210 (a) of the Maryland Franchise Law.

### II. FINDINGS OF FACT

#### **Respondents**

2. Xponential Fitness, Inc., (“Xponential”) is a Delaware corporation with a principal business address of 17877 Von Karman Ave, Suite 100, Irvine, CA, 92614.

3. Xponential is a publicly traded company on the New York Stock Exchange.

4. Xponential identifies itself as one of the leading global franchisors of boutique health and wellness brands offering fitness services including Pilates, barre, stretching, dancing, strength training, and yoga.

5. At various times, Xponential subsidiaries owned and operated the following fitness brands: AKT; BFT; Club Pilates; CycleBar; Pure Barre; Row House; Rumble; Stride; Stretch Lab; and Yoga Six (the “Xponential Brands”).

6. Xponential subsidiaries owned and operated other fitness and wellness brands that are not the subject of this Consent Order.

7. Xponential, through its direct and indirect subsidiaries, owned and controlled franchisors that offer franchises for the operation of fitness studios that offer a variety of fitness services under the Xponential Brands.

8. Between 2018 and March 2023, the following ten (10) entities (“Original Xponential Franchisors”) filed or maintained franchise registration applications with the

Securities Division to offer and sell franchises under the Maryland Franchise Law: AKT Franchise, LLC; BFT Franchise Holdings, LLC; Club Pilates Franchise, LLC (Club Pilates, LLC”); CycleBar Franchising, LLC; PB Franchising, LLC; Row House Franchise, LLC (“Row House, LLC”); Rumble Franchise, LLC; Stretch Lab Franchise, LLC (“Stretch Lab, LLC”); Stride Franchise, LLC; and Yoga Six Franchise, LLC (“Yoga Six, LLC”).

### **The 2023 Reorganization of the Xponential Brand Franchisors**

9. In 2023, Xponential engaged in an internal reorganization of its franchise subsidiaries in which the Original Xponential Franchisors transferred their respective trademarks and other intellectual property to new “special purpose entities” that would offer and sell franchises for each respective Xponential Brand. The reorganization involving the Original Xponential Franchisors was effective March 15, 2023.

10. By April 2023, Xponential had formed the special purpose entities (“Successor Xponential Franchisors”) that would offer and sell Xponential Brand franchises in the place of the Original Xponential Franchisors.

11. Throughout 2023, the following 10 (ten) Successor Xponential Franchisors filed franchise registration applications with the Securities Division to offer and sell franchises under the Maryland Franchise Law: AKT Franchise SPV LLC; BFT Franchise SPV, LLC; Club Pilates Franchise SPV, LLC (“Club Pilates, SPV”); CycleBar Franchising SPV, LLC (“CycleBar, SPV”); PB Franchising SPV, LLC (“Pure Barre, SPV”); Row House Franchise SPV, LLC (“Row House, SPV”); Rumble Franchise SPV, LLC (“Rumble, SPV”); Stretch Lab

Franchise SPV, LLC (“Stretch Lab, SPV”); Stride Franchise SPV, LLC<sup>1</sup>; and Yoga Six Franchise SPV, LLC (“Yoga Six, SPV”).

12. By December 31, 2023, the franchise agreements, area development agreements, and other agreements that were signed by the Original Xponential Franchisors were transferred to the Successor Xponential Franchisors.

#### **Disclosure of the Typical Length of Time to Open an Outlet**

13. Since July 1, 2008, the FDD that must be filed with the Securities Division as part of a franchise registration application must follow the format described in the 2008 Franchise Registration and Disclosure Guidelines prescribed by the North America Securities Administrators Association, Inc. (“NASAA Guidelines”), which mirrors the Federal Trade Commission’s Franchise Rule, 16 C.F.R. Part 436, Disclosure Requirements and Prohibitions Concerning Franchising (“Franchise Rule”).

14. Item 11 of the Franchise Rule requires, among other things, that franchisors must disclose the “typical length of time between the earlier of the signing of the franchise agreement or the first payment of consideration for the franchise and the opening of the franchisee’s business.”

15. As part of franchise registration applications filed with the Securities Division, all the Original Xponential Franchisors and Successor Xponential Franchisors (collectively “Xponential Franchisors”) included copies of FDDs that disclose in Item 11 that the typical length of time between the signing of the franchise agreement and the time a franchisee opens its

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<sup>1</sup>On February 15, 2024, Xponential announced that it completed the divestiture of its Stride brand to an unrelated entity, Stride Fitness Franchising, Inc. On May 21, 2024, Xponential announced it completed the divestiture of its Row House brand to an unrelated entity, Extraordinary Brands. On July 24, 2025, Xponential announced that it completed the divestiture of its CycleBar and Rumble brands to Extraordinary Brands.

fitness studio was approximately six (6) months, or for some of those franchisors, approximately three (3) to six (6) months.

16. In the FDDs that the Xponential Franchisors filed with the Securities Division (“relevant FDDs”), those franchisors disclose that the typical length of time to open a studio stated in the relevant FDDs assumes that the franchisee will use the services of the franchisor’s approved suppliers and other resources the franchisors make available to their franchisees.

17. In 2024, the Securities Division received information that the typical length of time to open a fitness center for an Xponential Brand may have been significantly longer than the 6-month time frame the Xponential Franchisors disclosed in Item 11 of the relevant FDDs.

18. On or around April 26, 2024, the Securities Division requested that Respondents substantiate the disclosure that the Xponential Franchisors made that the typical length of time for franchisees to open a fitness studio is six months (or, where applicable, between three and six months) by requesting certain data related to franchisees who purchased franchises from the Xponential Franchisors between January 1, 2021 to December 31, 2023 (the “Measurement Period”).

19. Respondents responded to the Securities Division request for substantiation by stating that the calculation of the typical time to open a studio in disclosures that the Xponential Franchisors made in the relevant FDDs considers a franchise being “open” as when franchisees begin to earn revenue from generating presales of studio memberships before a studio opens its doors to the public (“Presales”) rather than when franchisees open their doors to brick and mortar studios and start conducting classes at the studios to a limited membership (“Soft Opening”) or when franchisees have opened a completed brick and mortar facility to the general public (“Grand Opening”).

20. In addition, Respondents further responded that the calculation of the typical length of time to open a studio disclosed in the relevant FDDs for the Measurement Period excludes franchisees that were materially negatively impacted by unique factors such as (a) the franchisees not using important approved service providers and other resources made available to them by the Xponential Franchisors, (b) landlords' delayed delivery of the premises due to factors such as carry-over tenants, construction delays to get the premises in the condition promised by landlords prior to turnover, or centers having not yet been constructed; and/or (c) significant delays in franchisees' securing of required permits, and further excluded five (5) non-traditional Club Pilates studios that were developed within LA Fitness facilities (collectively, the "Excluded Studios").

21. Respondents provided the requested data for each franchise agreement signed by franchisees of Xponential Franchisors during the Measurement Period that were (a) for development of a studio in the United States, (b) the franchisee's initial franchise agreement (since 2<sup>nd</sup> franchise agreements of multi-unit franchisees or area developers are signed much later in the process, such as after the date the lease is signed for that respective studio, including them would artificially lower the average time for opening), and (c) started Presales during the Measurement Period (the "Time-to-Open Set").

22. Based on the data provided by Xponential Franchisors for the Time-to-Open Set (less the Excluded Studios), the following table represents (a) the average length of time between the signing of a franchise agreement and the time franchisees began generating revenue by Presales, and (b) the average length of time between the signing of a franchise agreement and the time franchisees held a Soft Opening for each of the following Xponential Brands:

<b>Brand</b>	<b>Count</b>	<b>Average to 1<sup>st</sup> Dollar via PreSales (months)</b>	<b>Average to Soft Opening (months)</b>
AKT	3	4.2	15.8
BFT	35	7.8	13.2
Club Pilates	69	7.3	12.1
CycleBar	39	6.6	14.8
Pure Barre	27	4.8	11.0
Row House	6	4.7	13.0
Rumble	52	8.3	15.0
Stretch Lab	133	5.4	9.9
Stride	8	6.2	13.2
Yoga Six	31	4.4	11.6
<b>TOTAL</b>	<b>403</b>	<b>6.3</b>	<b>12.0</b>

23. Respondents acknowledged that they did not disclose in Item 11 of the relevant FDDs provided to prospective Maryland franchisees that Respondents considered a franchise outlet open when that outlet had begun to generate revenue by Presales rather than when the franchise outlet held a Soft Opening.

24. Respondents also acknowledged that if they had included in the calculation of the typical time to open a franchise all franchisees who purchased franchises from the franchisors for the Xponential Brands listed above during the applicable period and had not excluded the Excluded Studios, the typical length of time between the signing of the franchise agreement and the time each franchisee of each Xponential Brand franchisor represented above held a Soft Opening would be longer than represented in the chart above.

25. The franchise agreements of all the Xponential Franchisors signed by franchisees that acquired franchises during the Measurement Period state that their fitness studios must open within six (6) months from the date the franchisee signs the franchise agreements, although the Xponential Franchisor may agree to extend that date under certain conditions, including that the

franchisee has secured an approved location and is otherwise making diligent and continuing efforts to prepare for opening.

26. The Xponential Franchisors' franchise agreements during the Measurement Period further state that if franchisees "fail to open for business as a franchised Studio" within the required 6 month time period, the Xponential Franchisor has the option to terminate the franchisee's franchise agreement, which allows the Xponential Franchisor to retain the initial fees each franchisee paid under the franchise agreement.

#### **Failure to Disclose Accurate Contact Information for Former Franchisees**

27. Both the Federal Trade Commission ("FTC") Franchise Rule and NASAA Guidelines require that a franchisor must disclose in Item 20 of its FDD the name, city, and state and current business telephone number or if unknown the last known home telephone number of every franchisee ("Former Franchisee") who had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement under the [franchisor's] most recently completed fiscal year or who has not communicated with the franchisor within 10 days of the [FDD] issuance date ("Closed Outlet").<sup>2</sup>

28. The FTC noted in the Statement of Basis and Purpose for its Amended Franchise Rule that "disclosure of [contact information for former franchisees], like the parallel disclosure of contact information for current franchisees, prevents fraud by giving prospective franchisees additional sources of material information about the franchisor, the nature of the franchise system and the franchisor-franchisee relationship."<sup>3</sup> The Franchise Cover Sheet required under

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<sup>2</sup>FTC Franchise Rule, 16 CFR Part 436 (t)(5); NASAA Guidelines, <https://www.nasaa.org/wp-content/uploads/2011/08/6-2008UFOC.pdf> at p. 65. (Both the FTC Franchise Rule and NASAA Guidelines state that franchisors may substitute alternative contact information at the request of the former franchisee, such as a home address, post office address, or a personal or business email address.)

<sup>3</sup>72 Fed. Reg. 5444, 15503 (March 30, 2007).

the NASAA Guidelines, with information about how prospective franchisees can use the FDD, specifically instructs prospective franchisees to refer to the lists of current and former franchisees in Item 20 because the prospective franchisee can contact those franchisees to ask about their experiences and discover what it's like to be a franchisee of that franchisor.

29. Some of the Xponential Franchisors disclosed contact information for Former Franchisees that does not comply with Item 20 of the FTC Rule and NASAA Guidelines.

30. Specifically, in 2022 and 2023, rather than disclose current business telephone numbers or the last known home telephone number of every Former Franchisee, some of the Original Xponential Franchisors provided telephone numbers of the Closed Outlet for certain of the Former Franchisees.

31. As a result, in 2022 and 2023, if a prospective franchisee tried to contact any Former Franchisee using the information disclosed by the Original Xponential Franchisor, rather than being able to reach that Former Franchisee, the prospective franchisee would, instead, reach the Former Franchisee's Closed Outlet, which would either be closed or operated by individuals who were not the Former Franchisee.

32. In 2024 and for part of 2025, rather than disclose current business telephone numbers or the last known home telephone number of every Former Franchisee, some of the Successor Xponential Franchisors provided email addresses that the Xponential Brand assigned to the Former Franchisee consisting of the name of the Former Franchisee at the email address of the former Xponential Brand.

33. According to Respondents, when an Xponential Brand franchisee has sold, transferred, abandoned, or otherwise ceased operating its franchise outlet, Xponential disables the Former Franchisee's access to the email address for the franchise outlet.

34. As a result, in 2024 and for part of 2025, if a prospective franchisee tried to contact any Former Franchisee using the information provided by the Successor Xponential Franchisor, rather than reach that Former Franchisee, the prospective franchisee would reach a disabled email address for the Former Franchisees (unless the Former Franchisees continued to operate a second fitness center of the same Xponential Brand).

### **Sales of Xponential Brand Franchises in Maryland**

35. Respondents represent that of the ten (10) Original Xponential Franchisors that filed franchise registration applications with the Securities Division between 2019 and 2023, five (5) Original Xponential Franchisors sold franchises in Maryland or to Maryland residents: Club Pilates Franchise, LLC; PB Franchising, LLC; Stretch Lab Franchise, LLC; Row House Franchise, LLC; and Yoga Six Franchise, LLC.

36. Respondents represent that of the ten (10) Successor Xponential Franchisors that filed franchise registration applications with the Securities Division, only Club Pilates SPV sold franchises in Maryland or to any Maryland residents.

### **Maryland Franchisees of Xponential Franchises That Have Not Opened**

37. Respondents represent that after April 26, 2021, one Original Xponential Franchisor (Stretch Lab, LLC) and one Successor Xponential Franchisor (Club Pilates SPV), entered into franchise agreements or development agreements with Maryland residents, or with residents of other states to open fitness studios to be located in Maryland (collectively “Maryland Franchisees”): (a) who, as of the date of this Consent Order, have not yet opened a fitness studio within the time period they are required to open under their franchise agreement or development

agreement; and (b) whose franchise agreement or development agreement has not yet been terminated or canceled (collectively, “Maryland Franchisees With Unopened Outlets”).<sup>4</sup>

### **Maryland Franchisee of Xponential Franchise that Never Opened**

38. Respondents further represent that one Original Xponential Franchisor, Row House, entered into a franchise agreement or development agreement after April 26, 2021 with a Maryland Franchisee who, as of the date of this Consent Order: (a) never opened a fitness studio it was required to open under its franchise agreement or development agreement; and (b) whose franchise agreement or development agreement has been terminated or canceled (“Terminated Maryland Franchisee”).

39. For purposes of the preceding paragraph, a studio is considered “open” when it has achieved a Studio Opening as defined in this Consent Order.

### **III. CONCLUSIONS OF LAW**

40. By engaging in the above activities, the Securities Commissioner has concluded that Respondents violated sections 14-216, 14-229, and 14-230 of the Maryland Franchise Law.

### **IV. ORDER AND CONSENT**

41. THE SECURITIES COMMISSIONER HEREBY ORDERS AND RESPONDENTS HEREBY CONSENT AND REPRESENT AS FOLLOWS:

- A. Respondents shall permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Respondents shall pay the Office of the Attorney General the sum of Seventy-Five Thousand Dollars (\$75,000) as a civil monetary penalty;
- C. Respondents represent and acknowledge that, prior to their execution of this Consent Order, they have offered to terminate the franchise agreements and refund the initial fees of Maryland Franchisees With Unopened Outlets; and

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<sup>4</sup> For purposes of this Consent Order, Maryland Franchisees With Unopened Outlets does not include franchise sales that were not subject to registration under the Maryland Franchise Law.

- D. Respondents further represent and acknowledge that, prior to their execution of this Consent Order, they have reached a full settlement agreement with the Terminated Maryland Franchisee that resolves all outstanding claims between the parties;
- E. Respondents acknowledge 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

42. Jurisdiction shall be retained by the Securities 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

43. If any Respondents fail to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against that Respondent 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 any Respondent 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 that Respondent.

VII. MODIFICATION OF CONSENT ORDER

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

**DATE OF THIS ORDER:**

**April 14, 2026**

**SO ORDERED:**

**Securities Commissioner's Signature  
On File w/Original Documents**

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MELANIE SENTER LUBIN  
SECURITIES COMMISSIONER

**BY CONSENT:**

AKT FRANCHISE, LLC  
AKT FRANCHISE SPV, LLC  
BFT FRANCHISE HOLDINGS, LLC  
BFT FRANCHISE SPV, LLC  
CLUB PILATES FRANCHISE, LLC  
CLUB PILATES FRANCHISE SPV, LLC  
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STRIDE FRANCHISE, LLC  
STRIDE FRANCHISE SPV, LLC  
YOGA SIX FRANCHISE, LLC  
YOGA SIX FRANCHISE SPV, LLC

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By: