

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 11, 2017

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

COMMONWEALTH OF VIRGINIA, *ex rel.*

2017 JAN 11 A 11: 33

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2016-00057

JOHN R. ROTHWEILER
and
MEGADANCE USA, CORP.,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of John R. Rothweiler ("Rothweiler") and Megadance USA, Corp. ("Megadance") (collectively, "Defendants"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Megadance is a Delaware corporation which operates, and offers franchisees the opportunity to operate, dance studios under the name "Fred Astaire Dance Studios." At all relevant times, Rothweiler was Megadance's CEO, president, treasurer and member of the board of directors. Megadance was registered as a franchise between January 2007 and January 2008 and then resubmitted a registration application in April 2016. However, the Division alleges that in or around April 2015 (when Megadance was not a registered franchise), the Defendants offered and sold an unregistered franchise to be operated in the Commonwealth of Virginia ("Virginia") by a Virginia franchisee ("Virginia Franchisee").

The Division also alleges that the Defendants failed to provide the Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale. A cleared FDD provides material information to prospective franchisees in

170110138

order for them to make an informed decision regarding the purchase of a franchise. As no cleared FDD was provided, the Division alleges that regulatory oversight was avoided.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide the Virginia franchisee with (i) the franchise agreement; and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Four Thousand Five Hundred Dollars (\$4,500) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars (\$3,000) to defray the costs of investigation.

(3) The Defendants will provide each Virginia franchisee with a copy of this Order.

(4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) This case is dismissed and the papers filed herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

John R. Rothweiler, Megadance USA, Corp., c/o Fred Astaire Dance Studios, Inc., 10 Bliss Road, Longmeadow, Massachusetts 01106; and Benjamin A. Levin, Esquire, 6000 Sagamore Drive, Suite 6301, Marlton, New Jersey 08053; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

170110138

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2016-00057

JOHN R. ROTHWEILER
and
MEGADANCE USA CORP.,

Defendants

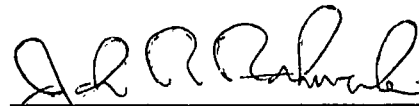
ADMISSION AND CONSENT

John R. Rothweiler and Megadance USA, Corp. (collectively, "Defendants"), admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consent to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

Date: 12-20-16

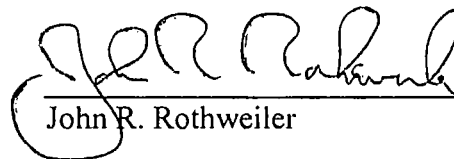
John R. Rothweiler



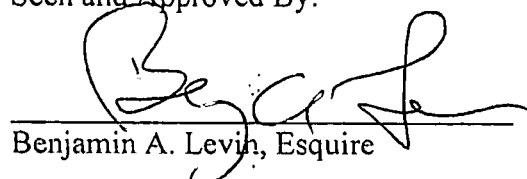
Megadance USA, Corp.

Date: 12-20-16

By:


John R. Rothweiler

Seen and Approved By:


Benjamin A. Levin, Esquire