

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 20, 2018

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. SEC-2017-00047

v.

LARADA SCIENCES, INC.,  
and  
CLAIRE ROBERTS,  
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Larada Sciences, Inc. ("Larada Sciences"), and Claire Roberts ("Roberts," and 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").

Larada Sciences is a Utah corporation. At all relevant times, Roberts was the principal of Larada Sciences. Larada Sciences conducts business in Virginia and elsewhere under the franchise name Lice Clinics of America ("LCA"). Larada Sciences, through LCA, offers and sells franchises providing lice removal services to the public. Larada Sciences licenses to its franchisees the right to use a patented, FDA-approved, heated-air device ("Device") in conducting lice removal services from their clinics. The franchisees pay to Larada Sciences a refundable deposit for each Device they are licensed to use during the term of their respective franchise agreement. Larada Sciences has never been registered with the Division to sell or offer to sell a franchise in the Commonwealth of Virginia ("Virginia").

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Despite being unregistered, the Division alleges that beginning in 2014 through July 2017, Larada Sciences entered into franchising agreements with eight (8) Virginia franchisees ("Virginia Franchisees") for operation in Virginia.

Further, the Division alleges that Larada Sciences failed to provide the Virginia Franchisees a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sales. A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. As no properly cleared FDD was provided to the Virginia Franchisees, the Division alleges that regulatory oversight was circumvented.

Based on the investigation, the Division alleges the Defendants violated § 13.1-560 of the Act on at least eight occasions by selling or offering to sell franchises in Virginia without being registered under the provisions of the Act. The Division further alleges that the Defendants violated § 13.1-563 of the Act on at least eight occasions by failing to provide the Virginia Franchisees with properly cleared FDDs in conjunction with the offer and sale of the franchises.

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 the allegations made herein 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, contemporaneously with the entry of this Order, the amount of Two Thousand Five Hundred Dollars (\$2,500) to defray the costs of investigation.

(2) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Thirteen Thousand Dollars (\$13,000) in monetary penalties.

(3) The Defendants shall make a rescission offer to the Virginia Franchisees along with an offer to refund each Virginia Franchisee's initial costs within thirty (30) days of the entry of this Order. For purposes of this Order, "initial costs," as it relates to each Virginia Franchisee, shall mean the (i) initial License Payment (territory fee) the Virginia Franchisee paid to the Defendants, (ii) the Device deposits the Virginia Franchisee paid to the Defendants, provided the Device each deposit covers is returned to Larada Sciences in accordance with the terms of the Virginia Franchisee's franchise agreement, and (iii) Larada Science's cost of repurchasing any LCA-branded products from the Virginia Franchisee. Each Virginia Franchisee will have a period of ninety (90) days from receipt to accept Defendants' rescission offer and refund offer. If a Virginia Franchisee accepts the Defendants' rescission offer and refund offer within the ninety (90)-day period, the Defendants shall rescind and enter into a mutual termination agreement with the Virginia Franchisee(s) and provide the Virginia Franchisee(s) with a refund of its initial costs within thirty (30) days of the Virginia Franchisee(s)' acceptance of the offer. Additionally, the Defendants will provide to the Division a signed affidavit containing the date each Virginia Franchisee received the rescission offer and refund offer, the Virginia Franchisee's response, and,

if applicable, the amount and date the refund payment was sent to the Virginia Franchisee within one hundred fifty (150) days of the entry of this Order.

(4) The Defendants will provide a copy of this Order to the Virginia Franchisees within thirty (30) days of the entry of this Order.

(5) 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) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

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

Claire Roberts, Chief Executive Officer, Larada Sciences, Inc., 154 East Myrtle Avenue, Suite 304, Murray, Utah 84107; Max Schott II, Gray Plant Mooty, 500 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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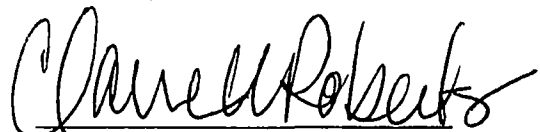
ADMISSION AND CONSENT

Larada Sciences, Inc. and Claire Roberts ("Defendants") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, without admitting the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendants further states 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: 6/6/18

Larada Sciences, Inc.

By:   
Signature

Claire Roberts  
Printed Name

Its: CEO

Claire Roberts

Date: 6/6/18

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Seen by:

max schott II  
Max Schott II, Esquire

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