

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 6, 2022

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2021-00035

KICKHOUSE FITNESS, LLC,  
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of KickHouse Fitness, LLC ("KickHouse" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

KickHouse is a Delaware limited liability company formed on July 14, 2020 with its principal business address located at 931 Lexington Drive, Rockwall, Texas 75087. KickHouse is a fitness club that focuses on growing strength through resilience and kickboxing from the beginner to advanced level. KickHouse offers and sells franchises throughout the United States.

The Division alleges that, in or around October 2020, KickHouse offered and sold two unregistered franchises to be operated in the Commonwealth of Virginia ("Virginia") to a Virginia resident ("Virginia Franchisee"). Further, the Division alleges that KickHouse failed to provide the Virginia Franchisee with a franchise disclosure document ("FDD") as required under the Act.

Based on its investigation, the Division alleges that the Defendant violated § 13.1-560 of the Act by offering to sell and selling two franchises in Virginia without the franchises being registered under the provisions of the Act. The Division further alleges that the Defendant

violated § 13.1-563 (4) of the Act by failing to provide the Virginia Franchisee with a properly cleared FDD approved by the Division in conjunction with the offer and sale of the franchises, as required.

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 Defendant neither admits nor denies the allegations made herein but admits 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 Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms:

1. The Defendant will make an offer of rescission ("Rescission Offer") within thirty (30) days of the entry of this Order to the Virginia Franchisee as follows:
  - a. The Defendant will send the Rescission Offer, by certified mail, to the Virginia Franchisee. The Rescission Offer will include an offer to return the initial franchise fees paid by the Virginia Franchisee for each of the franchises. The Rescission Offer will allow the Virginia Franchisee thirty (30) days from the date of receipt to provide the Defendant with written notification of the Virginia Franchisee's decision to accept or reject the offer.
  - b. The Defendant will provide the Division with a copy of the Rescission Offer, for review and comment, at least ten (10) days prior to sending it to the Virginia Franchisee.
  - c. The Defendant, within ten (10) days of the entry of this Order, will send a copy of this Order to the Virginia Franchisee.

- d. If the Virginia Franchisee accepts the Rescission Offer, the Defendant will make payment of the franchise fees to the Virginia Franchisee within fifteen (15) days of receipt of the written acceptance.

2. Within ninety (90) days from the date of entry of this Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, containing the date the Virginia Franchisee received the Rescission Offer, the Virginia Franchisee's response, and, if applicable, the franchise fee amount the Defendant paid to the Virginia Franchisee and the date that payment was sent to the Virginia Franchisee.

3. The Defendant will remove any franchise offerings in Virginia from its website until such time as KickHouse has its franchise properly registered in Virginia.

4. The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) in monetary penalties.

5. The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of One Thousand Dollars (\$1,000) to defray the costs of investigation.

6. The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the Defendant's settlement offer.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's settlement offer set forth herein is accepted.
- (2) The Defendant shall fully comply with the aforesaid terms 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 Defendant's failure to comply with the terms of the settlement.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Justin M. Klein, Esquire, Marks & Klein, LLP, at [justin@marksklein.com](mailto:justin@marksklein.com), 63 Riverside Avenue, Red Bank, New Jersey 07701; 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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Defendant

ADMISSION AND CONSENT

KickHouse Fitness, LLC ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, without admitting nor denying 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").

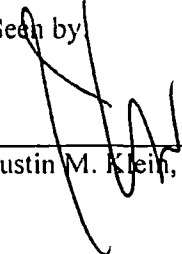
The Defendant further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

KickHouse Fitness, LLC

Date: 11/4/2021

By: 

Its: Chief Executive Officer

Seen by  
  
Justin M. Klein, Esquire