STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the Franchise Investment Protection Act of) Order No.: S-14-1600-14-CO01)) CONSENT ORDER
Washington by:)
Kaia F.I.T.,)
1.1.1.,)
Respondent.	

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Kaia F.I.T.; enter into this Consent Order to settle the matters set forth below. Respondent Kaia F.I.T. neither admits nor denies the Tentative Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Kaia F.I.T. is a Nevada corporation established in February 2010 for the purpose of operating a nationwide fitness franchise.

Nature of Offering

- 2. Kaia F.I.T. is a fitness and nutrition program based in Reno, Nevada, that currently has franchises in several states. Kaia F.I.T. franchisees earn revenue through the sale of memberships for their franchise fitness and nutrition program. After hearing about Kaia F.I.T. through word-of-mouth, in 2012 and 2013, at least three Washington residents entered into contracts with Kaia F.I.T. to open Kaia F.I.T. franchises in Washington.
- 3. For an initial fee of approximately \$1,250, Kaia F.I.T. offers franchisees the opportunity to operate a Kaia F.I.T. franchise. As part of this initial fee, Kaia F.I.T. provided franchisees with specific Kaia F.I.T. exercises, a Kaia F.I.T. nutritional and workout manual, business management training, marketing material, and a grant of a license to use Kaia F.I.T.'s commercial symbols.
- 4. Kaia F.I.T. also requires that franchisees pay a monthly franchise fee of at least \$350 and a monthly \$250 fee to help operate the franchisee's website and payment processing system. Kaia F.I.T. provides franchisees with new weekly workout routines and hosts monthly internet seminars on best practices for marketing, advertising, and business operations.
- 5. Kaia F.I.T. retains control over several facets of franchisee operations, including, but not limited to, a franchisee's location, appearance, transfer, advertising, marketing material, membership pricing, and payment processing.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia WA 98507-9033

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6. At least two Washington residents have closed their Washington Kaia F.I.T. franchises.

Registration Status

7. Kaia F.I.T. is not currently registered to sell its franchises in the state of Washington and has not previously been registered to do so. There is no notification of exemption on file for Kaia F.I.T. with the state of Washington.

Failure to Provide Disclosure Document

8. Kaia F.I.T. failed to provide at least one Washington resident with a disclosure document, which met the requirements of RCW 19.100.040, prior to the purchase of a Kaia F.I.T. franchise.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

- 1. The offer or sale of Kaia F.I.T.'s fitness and nutrition program as described above constitutes the offer and sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).
- 2. The offer and sale of these franchises was in violation of RCW 19.100.020 because no registration for these offers and sales were on file with the Securities Administrator of the state of Washington at the time of their offer and sale to Washington residents.
- 3. The offer and sale of a these franchises was in violation of 19.100.080 because Kaia F.I.T. failed to provide at least one Washington resident with a franchise disclosure document that contained information about the franchise, as required by RCW 19.100.040.

CONSENT ORDER

Based upon the foregoing and finding it in the public interest:

IT IS AGREED AND ORDERED THAT Respondent Kaia F.I.T. and its agents and employees shall cease and desist from offering or selling franchises in violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED AND ORDERED THAT that Respondent Kaia F.I.T. and its agents and employees shall cease and desist from offering or selling franchises in violation of RCW 19.100.080, the disclosure document section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED that prior to the entry of this Consent order, Respondent Kaia F.I.T. shall be liable for and shall pay the Securities Division the costs and expenses incurred in the investigation of this matter in the amount of \$1,250.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

	IT IS FURTHER AGREED that Respondent Kaia F.I.T. enters into this Consent Order freely and voluntarily
1	and with full understanding of its terms and significance.
2	IT IS FURTHER AGREED that in consideration of the foregoing, Kaia F.I.T., waives its right to a hearing
3	and to judicial review of this matter.
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5	Signed this22nd day of January 2015.
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7	Signed by:
8	Kaia F.I.T.
9	By/s/
10	Nicole Warren President
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12	Approved as to form by:
13	/s/
14	Jessica Woelfel, Attorney for Respondent State Bar of Nevada Number 11885
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17	SIGNED and ENTERED this 6th day of February 2015.
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20	Million Seats
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22	William M. Beatty Securities Administrator
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2	Approved by: An Eller
3	on the
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5	Suzanne Sarason Chief of Enforcement
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8	Reviewed by:
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11	Jack McClellan Financial Legal Examiner Supervisor
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Presented by:

Eric Palosaari

Financial Legal Examiner

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