

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No. S-11-0845-12-SC01
5 Whether there has been a violation of the)
6 Franchise Investment Protection Act of) STATEMENT OF CHARGES AND NOTICE OF INTENT
7 Washington by:) TO ENTER ORDER TO CEASE AND DESIST
8)
9 Champion Child, Inc. d/b/a "Stretch-n-Grow," Jill)
10 A. Manly, Robert "Bob" E. Manly and Caryn J.)
11 Burnier,)
12 Respondents.)

13 THE STATE OF WASHINGTON TO: Champion Child, Inc. d/b/a "Stretch-n-Grow," Jill A.
14 Manly, Robert "Bob" E. Manly and Caryn J. Burnier

15 **STATEMENT OF CHARGES**

16 Please take notice that the Securities Administrator for the state of Washington has reason to believe that
17 Respondents, Champion Child, Inc. d/b/a "Stretch-n-Grow," Jill A. Manly, Robert "Bob" E. Manly and Caryn J.
18 Burnier, have violated the Franchise Investment Protection Act of Washington, RCW 19.100, and that their violations
19 justify the entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such
20 violations. The Securities Administrator finds as follows:

21 **TENTATIVE FINDINGS OF FACT**

22 **I. Respondents**

- 23 1. Champion Child, Inc. d/b/a "Stretch-n-Grow" (Champion Child) is a Florida
24 corporation with its principal place of business in Seminole, Florida. Champion Child is in the business of selling
25 franchises for its children's exercise and fitness program (the Program).
- 26 2. Jill A. Manly is the president of Champion Child.
- 27 3. Robert "Bob" E. Manly is the chief executive officer of Champion Child.
- 28 4. Caryn J. Burnier is the Franchise Sales Director of Champion Child.

29 **II. Background and Nature of the Offering**

- 30 5. Champion Child currently advertises the offer of its children's exercise and fitness program
31 franchises on its website at <http://stretch-n-grow.com/franchise-opportunities>.
- 32 6. From 1996 to 2011, Champion Child, through Jill A. Manly, Robert E. Manly and Caryn J. Burnier,
33 as the Franchise Sales Director, offered and sold at least three franchises to Washington residents through its website,
34 via email, by telephone, through the mail and by word of mouth.

1 7. Caryn J. Burnier, acting on behalf and at the direction of Jill A. and Robert E. Manly, provided copies
of the Champion Child franchise disclosure documents (FDDs) to prospective purchasers.

2 8. Champion Child charged franchisees an initial franchise fee ranging as high as \$22,600 with an
3 ongoing "Administrative/Licensing" fee of \$150 a month.

4 9. Champion Child provided franchisees with the right to use the Champion Child names and marks in
the operation of the Champion Child "Program."

5 10. Champion Child franchisees were required to complete the Champion Child training program.

6 11. Champion Child provided franchisees with operating assistance by telephone and other means.

7 12. Champion Child provided franchisees with an exclusive territory that were designated by zip codes.

8 13. Champion Child provided or were obligated to provide franchisees with "Masters" for all promotional
9 materials authorized by the company; lesson plans and handouts for authorized curriculum; training materials such as
operation manuals, DVDs and CDs; authorized "warm-up stories"; "Youth Fitness Standards and Certification
10 Exams"; "Masters" for authorized business forms; a Merchandise Starter Pack and shirts with logos.

11 14. On September 7, 2007, the Maryland Attorney General entered a Final Order against Champion Child
to permanently cease and desist from violating the Maryland Franchise Law and an order of the Securities
12 Commissioner. The Maryland State Securities Commissioner had earlier entered into a consent order with Champion
Child on May 23, 2006 in which Champion Child had agreed to cease and desist from violations of the registration,
13 disclosure and antifraud provisions of the Maryland Franchise Law.

14 III. Anti-Fraud Violations

15 15. In connection with the offer and sale of the franchises after September, 2007, Respondents Champion
Child, Jill A. Manly, Robert "Bob" E. Manly and Caryn J. Burnier, failed to disclose to prospective franchisees that
16 Champion Child was the subject of an action by the Maryland Attorney General's Office. A Final Order was issued in
the Maryland action on September 7, 2007 that ordered Champion Child to permanently cease and desist from
17 violating the Maryland Franchise Law. The Final Order alleged that Champion Child had made misrepresentations to
18 prospective Stretch-N-Grow franchisees in the form of unlawful earnings claims, sold unregistered franchises and
19 failed to provide proper disclosure to franchisees.

20 16. In connection with the offer and sale of the franchises after September, 2007, Champion Child, Jill A.
21 Manly, Robert "Bob" E. Manly and Caryn J. Burnier provided prospective franchisees with a franchise disclosure
document that affirmatively stated that Champion Child was not the subject of any pending or past litigation.

22 17. In 2011, at least one Champion Child prospective franchisee was provided an out of date FDD and
23 made a request to Caryn J. Burnier that she provide the prospect with the most recent annual financial statements and
24 was not provided a copy.

IV. Registration Status

18. Respondent Champion Child is not currently registered to sell its franchises in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

I.

The offer or sale of franchises described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12) and RCW 19.100.010(17).

II.

The offer or sale of said franchise is in violation of RCW 19.100.020 because no registration for such offer and/or sale by Champion Child was on file with the Securities Administrator for certain time periods when offers or sales occurred.

III.

The offer and/or sale of said franchises were in violation of RCW 19.100.170, the disclosure document requirement provision of the Franchise Investment Protection Act, because Respondents failed to provide prospective purchasers with a franchise disclosure document or offering circular that contained all material information about the franchise including, but not necessarily limited to, a current audited financial statement and because Respondents falsely represented to franchise prospects and purchasers that Champion Child had no past or pending litigation to disclose.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Champion Child, Inc., Jill A. Manly, Robert "Bob" E. Manly and Caryn J. Burnier, their agents and employees each shall cease and desist from violations of RCW 19.100.020 and RCW 19.100.170.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 19.100.248 and RCW 19.100.130 and is subject to the provisions of Chapter 34.05 RCW. Champion Child, Inc., Jill A. Manly, Robert "Bob" E. Manly and Caryn J. Burnier may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a respondent does not request a hearing within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions

of Law as final and enter an order to cease and desist permanent as to that respondent.

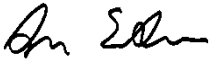
Signed and Entered this 7th day of January, 2013.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne E. Sarason
Chief of Enforcement



Martin Cordell
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor