

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-14-1423-14-CO01
whether there has been a violation of the)
Franchise Investment Protection Act of) CONSENT ORDER
Washington by:)
)
BIKRAM, INC.; BIKRAM CHOUDHURY and)
BIKRAM’S YOGA COLLEGE OF INDIA, L.P.,)
)
Respondents)

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondents Bikram, Inc., Bikram Choudhury and Bikram’s Yoga College of India, L.P, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents Bikram, Inc., Bikram Choudhury and Bikram’s Yoga College of India, L.P., neither admit nor deny the Tentative Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

I. Respondents

1. Respondent Bikram, Inc. is a Delaware corporation with a principal place of business at 11500 West Olympic Boulevard, Suite 150, Los Angeles, CA 90064. Bikram, Inc. is in the business of franchising yoga studios throughout the country that adhere to the Bikram method of yoga.

2. Respondent Bikram Choudhury (“Choudhury”) is the sole owner and shareholder of Bikram, Inc. Since 1973, Choudhury operated yoga schools under the name “Bikram’s Yoga College of India” as a sole proprietorship. These yoga schools are similar to those being franchised by Bikram, Inc. Choudhury’s sole proprietorship is Bikram Inc.’s predecessor.

3. Respondent Bikram’s Yoga College of India, L.P. (“BYCOI”) is a California limited partnership with a principal place of business at 11500 West Olympic Boulevard, Suite 150, Los Angeles, CA 90064. BYCOI is an affiliate of Bikram, Inc. and provides, among other things, the certification training for Bikram yoga instructors.

II. Nature of the Offering

3. From 2008, Respondents Bikram, Inc., Choudhury and BYCOI offered and sold Bikram yoga studio franchises in Washington State through Affiliation Agreements and/or Trademark and Intellectual Property License Agreements (“License Agreements”). Respondents required franchisees to obtain approval from Choudhury (or his designee) of the studio location and facilities, to teach Bikram yoga at the studio, and to ensure that all instructors who

1 taught at the studio be certified as a “Bikram Method Teacher.” Respondents also granted franchisees the right to use
2 certain intellectual property owned by Choudhury and licensed to Bikram, Inc. in their advertising and marketing,
3 including the trademarks “Bikram’s Yoga College of India” and “Bikram Yoga,” and certain copyrighted works
4 associated with the Bikram method of yoga.

5 4. On or around September 12, 2008, Choudhury entered into an Affiliation Agreement with a
6 Washington resident to operate a Bikram yoga studio in Everett, Washington (“Resident A”). The Affiliation
7 Agreement contained the terms described in Paragraph 4, above. Resident A paid an application fee of \$300.

8 5. On or around September 27, 2011, Choudhury and BYCOI entered into an Affiliation Agreement with
9 a Washington resident (“Resident B”) to operate a Bikram yoga studio in Bellingham, Washington. That same day,
10 Bikram, Inc. entered into a License Agreement with Resident B. The two agreements together contained the terms
11 described in Paragraph 4, above. Under the License Agreement, Bikram, Inc. required Resident B to pay a license fee
12 of \$500 per month, beginning six months after the execution of the License Agreement. Resident B has been paying
13 this fee since about April 2012.

14 6. On or around October 19, 2011, Choudhury and BYCOI entered into an Affiliation Agreement with
15 two Washington residents (“Residents C”) to operate a Bikram yoga studio in the Tri-Cities, Washington area. That
16 same day, Bikram, Inc. entered into a License Agreement with Residents C. The two agreements together contained
17 the terms described in Paragraph 4, above. Under the License Agreement, Bikram, Inc. required Residents C to pay a
18 license fee of \$500 per month, beginning six months after the execution of the License Agreement. Residents C have
19 been paying a license fee of approximately \$300 per month. As of March 2014, Residents C have paid Bikram, Inc. a
20 total of \$6,400.

21 **III. Registration Status**

22 7. Bikram, Inc., Choudhury and BYCOI were not registered to sell franchises in the state of Washington
23 when they entered into the Affiliation Agreements and/or License Agreements with Residents A, B or C in October
24 2008, September 2011 and October 2011, respectively. There is no notification of exemption on file with the state of
25 Washington for these time periods. Bikram, Inc. was previously registered to sell its franchises in the state of
Washington from March 20, 2009 to March 25, 2011.

26 **IV. Failure to Timely Deliver Franchise Disclosure Document**

27 8. Bikram, Inc., Choudhury and BYCOI failed to provide Residents A, B or C with a franchise disclosure
28 document prior to executing the Affiliate Agreements and License Agreements as described in Paragraphs 3 through 6.

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

CONCLUSIONS OF LAW

I.

The offer and/or sale of the Bikram yoga studios through the Affiliation Agreements and License Agreements by Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., as described in Paragraphs 3 through 6 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 and/or sale of said franchises by Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., as described in Paragraphs 3 through 6 above, was in violation of RCW 19.100.020 because no registration for such offer and/or sale is on file with the Securities Administrator, state of Washington.

III.

The offer and/or sale of said franchises by Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., as described in Paragraphs 3 through 6 above, was in violation of RCW 19.100.080 because Respondents failed to provide the franchisees with a disclosure document or offering circular as required by RCW 19.100.040 prior to the sale of the franchise.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., their agents and employees shall each 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 Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., their agents and employees shall each cease and desist from violating RCW 19.100.080, the franchise disclosure document section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED that Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College of India, L.P., shall be jointly and severally liable for and shall pay investigative costs of \$1,750 prior to the entry of this Consent Order.

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

1 IT IS FURTHER AGREED that Respondents Bikram, Inc., Bikram Choudhury and Bikram's Yoga College
2 of India, L.P. enter into this Consent Order freely and voluntarily and with full understanding of its terms and
3 significance.

4 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Bikram, Inc., Bikram
5 Choudhury and Bikram's Yoga College of India, L.P. waive their right to a hearing and to judicial review of this
6 matter.

7 Signed this 6th day of June, 2014.

8 Signed by:
9 BIKRAM, INC.

10 By /s/
11 BIKRAM CHOUDHURY
12 President, Chief Executive Officer and Chairman

13 Signed by:
14 /s/
15 BIKRAM CHOUDHURY, Individually

16 Signed by:
17 BIKRAM'S YOGA COLLEGE OF INDIA, L.P.

18
19 By /s/
20 BIKRAM CHOUDHURY
21 President, Chief Executive Officer and Chairman

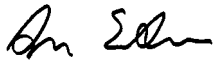
22 Approved as to form by:
23 /s/
24 JAMES A. ULLMAN, Arizona Bar No. 3112
25 Attorney for Respondents Bikram, Inc., Bikram's Yoga College of India, L.P.
and Bikram Choudhury

1 SIGNED and ENTERED this 12th day of June, 2014.

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5 _____
6 WILLIAM M. BEATTY
7 Securities Administrator

8 Approved by:

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10 _____
11 SUZANNE SARASON
12 Chief of Enforcement

13 Presented by:

14 

15 _____
16 HUONG LAM
17 Financial Legal Examiner

18 Reviewed by:

19 

20 _____
21 JACK MCCLELLAN
22 Financial Legal Examiner Supervisor