

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order No.: S-17-2326-18-CO01
whether there has been a violation of the)
Franchise Investment Protection Act of) CONSENT ORDER
Washington by:)
New Leaf Holdings, Inc.,)
Respondent)

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent New Leaf Holdings, Inc. enter into this Consent Order to settle the matters addressed below.

Respondent New Leaf Holdings, Inc. neither admits nor denies the following Findings of Fact or Conclusions of Law:

FINDINGS OF FACT

Respondents

1. New Leaf Holdings, Inc., a Washington corporation formed in 2013, acts as a parent company to a series of companies that form the New Leaf franchise system. The New Leaf franchise system operates hyperbaric oxygen therapy clinics.

Sale of Franchise in Washington

2. In 2015, a Washington resident sought to open a business that provided hyperbaric oxygen therapy. After some research, the Washington resident came across the New Leaf franchise system and inquired with the principal of New Leaf Holdings about the possibility of opening a New Leaf franchise in Spokane. At the time, New Leaf Holdings operated company-owned franchises in Tacoma and Lacey, Washington.

3. The principal of New Leaf Holdings explained that he was beginning the process of applying for a permit from the Securities Division for New Leaf Hyperbarics Franchising, LLC to offer and sell franchises in Washington.¹ Even though none of the companies in the New Leaf franchise system had received a franchise permit from the Securities Division, New Leaf Holdings still entered into an agreement for the Washington resident to open a New Leaf franchise in Spokane.

¹ New Leaf Hyperbarics Franchising is a Nevada limited liability company, which seeks to franchise hyperbaric oxygen therapy clinics. New Leaf Holdings serves as the parent company of New Leaf Hyperbarics Franchising.

1 4. As part of the agreement, for a \$30,000 fee, New Leaf Holdings granted the Washington resident the right to
operate a hyperbaric oxygen therapy business in Spokane under the New Leaf brand.

2 5. New Leaf Holdings sought to manage some of the advertising and marketing efforts for all of the companies in
3 the New Leaf franchise system, including the Washington resident's Spokane franchise. New Leaf Holdings required
4 that the Washington resident purchase most of the hyperbaric oxygen therapy equipment from one of New Leaf
5 Holdings' subsidiaries. And, for a period of time, New Leaf Holdings agreed to process some of the insurance
reimbursement claims for the Washington resident's Spokane franchise.

6 6. New Leaf Holdings further provided the Washington resident with two separate week-long trainings on
managing and operating a hyperbaric oxygen therapy business.

7 7. In 2017, New Leaf Holdings and the Washington resident agreed to part ways.

8 Registration Status

9 8. New Leaf Holdings is not currently registered to sell franchises in Washington and has not previously been
registered to do so.

10 Failure to Provide Franchise Disclosure Document

11 9. New Leaf Holdings failed to provide the Washington resident with a disclosure document, which met the
12 requirements of RCW 19.100.040, prior to the Washington resident's purchase of a New Leaf franchise.

13 Based on the Findings of Fact described above, the following Conclusions of Law are made:

14 **CONCLUSIONS OF LAW**

15 1. New Leaf Holdings' sale of a New Leaf franchise, as described above, constitutes the sale of a franchise as
defined in RCW 19.100.010(6) and RCW 19.100.010(17).

16 2. New Leaf Holdings' sale of this franchise violated RCW 19.100.020 because New Leaf Holdings was not
registered with the Securities Division to offer or sell franchises in the state at the time of the sale.

17 3. The offer and sale of the New Leaf franchise to the Washington resident was in violation of 19.100.080
18 because New Leaf Holdings failed to provide the Washington resident with a disclosure document, which met the
requirements of RCW 19.100.040, prior to the Washington resident's purchase of a New Leaf franchise.

19 **CONSENT ORDER**

20 Based on the foregoing and finding it in the public interest:

21 IT IS AGREED AND ORDERED that New Leaf Holdings, its agents, and its employees shall each cease and
22 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.

23 IT IS FURTHER AGREED AND ORDERED THAT New Leaf Holdings, its agents, and its employees shall
24 each cease and desist from offering or selling franchises in violation of RCW 19.100.080, the disclosure document
25 section of the Franchise Investment Protection Act of the State of Washington.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IT IS FURTHER AGREED that prior to the entry of this Consent Order, New Leaf Holdings 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 \$1,000.

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

IT IS FURTHER AGREED that New Leaf Holdings enters into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, New Leaf Holdings waives its right to a hearing and to judicial review of this matter.

Signed this 14TH day of February 2018.

New Leaf Holdings, Inc.

By _____ /s/
Chad Redinbo
Chief Executive Officer

SIGNED and ENTERED this 21st day of February 2018.



William M. Beatty

William M. Beatty
Securities Administrator

Approved by:

Suzanne Sarason

Suzanne Sarason
Chief of Enforcement

Presented by:

Eric Palosaari

Eric Palosaari
Financial Legal Examiner

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor