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**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  
Washington by:

KickHouse Fitness Licensing, LLC  
Respondent

Order No.: S-20-3022-21-CO01

CONSENT ORDER

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Pursuant to the Franchise Investment Protection Act of Washington, chapter 19.100 RCW (the “Act”), the Securities Division and Respondent KickHouse Fitness Licensing, LLC do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent KickHouse Fitness Licensing, LLC neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

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**FINDINGS OF FACT**

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**Respondent**

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1. KickHouse Fitness Licensing, LLC (“KickHouse”) is a Delaware limited liability company organized in August 2020. KickHouse maintains a principal place of business in Rockwall, Texas. KickHouse is an affiliate of KickHouse Fitness, LLC which is in the business of providing kick boxing-based exercise programs along with related services such as nutrition programming and motivational coaching. On October 13, 2020, KickHouse Fitness, LLC filed an application for registration of its franchise offering with the Securities Division.

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**Background**

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2. In 2020, several franchisees of iLoveKickboxing (“ILKB”), a Merrick, New York-based franchisor that is also in the business of providing kick boxing-based exercise programs and related services, terminated their relationships with ILKB due to what they believed to be ILKB’s failures as a franchisor.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 This group included a Washington resident who had operated two ILKB franchises. The former ILKB  
2 franchisees engaged in discussions with KickHouse about becoming KickHouse licensees. On September  
3 20, 2020, KickHouse provided an agreement entitled Trademark License Agreement (the “Agreement”) to  
4 that Washington resident.

### 5 **Key Aspects of the Trademark License Agreement**

#### 6 *KickHouse Provides a Marketing Plan to its Licensees*

7 3. Under the Agreement, KickHouse would provide a number of goods and services to its  
8 licensees to facilitate the promotion of the licensees’ KickHouse-branded businesses. KickHouse would  
9 provide its licensees with lists of local advertisement vendors. The Agreement further states that KickHouse  
10 would provide ad copy with approved KickHouse content and graphics. KickHouse would also assist and  
11 support in the creation and maintenance of required social media accounts promoting the licensee’s  
12 KickHouse-branded business. Moreover, the Agreement would obligate the licensee to obtain KickHouse’s  
13 permission before using any advertising materials that KickHouse did not provide to the licensee. The  
14 Agreement also provides that KickHouse will train the licensee’s staff, and pay up to \$12,000 per location  
15 for “construction and branding costs” related to operating a business in accordance with KickHouse’s rules  
16 and conditions.

#### 17 *KickHouse Grants its Licensees the Right to Use its Trade Names and Trade Marks*

18 4. The Agreement, provides that KickHouse would grant licensees the right to use KickHouse’s  
19 trade names, trade marks, trade dress, designs and logos in operating a KickHouse-branded business. The  
20 Agreement provides KickHouse the power to restrict the form and manner in which the licensee may use  
21 these. Further, the Agreement states that the licensee “acknowledges and agrees that maintaining the high  
22 quality of KickHouse’s” trade names, trade marks, trade dress, designs, and logos is the “essence” of the  
23 Agreement.

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2 *KickHouse Requires its Licensees to Pay Fees*

3 5. Under the Agreement, licensees would pay monthly fees based upon a percentage of the  
4 licensee's gross revenue. During the first ninety days after the Agreement's effective date, licensees would  
5 pay four percent of their gross revenue to KickHouse. Beginning January 1, 2021, this payment would have  
6 increased to six percent of gross revenue, and it would remain at that percentage for the balance of the  
7 Agreement's term. Notwithstanding these provisions, the Agreement states that the fees are not payable  
8 during the ninety days that follow the opening of a licensee's KickHouse-branded business, and may not  
9 exceed \$614 during the six months following the opening of the business.

10 **Agreement between the Washington Resident and KickHouse Fitness Licensing, LLC**

11 6. KickHouse and the Washington resident who received the Agreement did not enter into the  
12 Agreement or any other written contract concerning the Agreement's subject matter. Instead, the parties  
13 entered into an oral agreement whereby the Washington resident could use KickHouse's trade marks and  
14 trade names with no obligation to pay KickHouse for that use. KickHouse has also replaced the ILKB  
15 signage at the Washington resident's two ILKB locations with KickHouse signage at KickHouse's own  
16 expense. Notwithstanding this, the Washington resident anticipates paying franchise fees as a KickHouse  
17 franchisee only when and if the Securities Division approves KickHouse's application for registration of its  
18 franchise offering.

19 **Consent Order with Maryland's Franchise Regulator**

20 7. In January 2021, KickHouse entered into a Consent Order with the Securities Division of the  
21 Office of the Attorney General of Maryland (the "Maryland regulator") to settle allegations that the  
22 Maryland regulator made against KickHouse. The Maryland regulator alleged that KickHouse violated  
23 Maryland's Franchise Registration and Disclosure Law's (the "Maryland law") registration provision by

1 entering into Trademark Licensing Agreements with four Maryland residents. KickHouse also  
2 acknowledged that it did not provide franchise disclosure documents to those four Maryland residents.  
3 Without admitting or denying the Maryland regulator's allegations, KickHouse agreed to cease and desist  
4 from violating the Maryland law. KickHouse also agreed to contact the four Maryland residents who entered  
5 into the Trademark Licensing Agreements and advise them that they may terminate their Trademark  
6 Licensing Agreements at no expense, and without waiving or disclaiming any right afforded them by the  
7 Maryland law. KickHouse has represented to the Securities Division that it is in full compliance with this  
8 Consent Order.

### 9 **CONCLUSIONS OF LAW**

10 1. The offer of the Trademark License Agreement by KickHouse Fitness Licensing, LLC  
11 constitutes an offer or sale of a franchise, as defined in RCW 19.100.010(6), RCW 19.100.010(12), and  
12 RCW 19.100.010(17).

13 2. The offer of said franchise was in violation of RCW 19.100.020 because no registration for  
14 such offer is on file with the Washington Securities Administrator.

### 15 **CONSENT ORDER**

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

17 IT IS AGREED AND ORDERED that Respondent KickHouse Fitness Licensing, LLC and its  
18 agents and employees shall each cease and desist from offering or selling franchises in violation of RCW  
19 19.100.020, the Act's franchise registration section.

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

21 IT IS FURTHER AGREED that Respondent KickHouse Fitness Licensing, LLC enters into this  
22 Consent Order freely and voluntarily and with a full understanding of its terms and significance.  
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**CONSENT ORDER**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent KickHouse Fitness  
2 Licensing, LLC waives its right to a hearing and to judicial review of this matter.

3 SIGNED this 14th day of April, 2021.

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5 Signed by:

6  
7 s/ Jessica B. Yarmey

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9 Name: Jessica B. Yarmey  
10 Title: Chief Executive Officer

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13 DATED and ENTERED this 16th day of April, 2021.

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17 William M. Beatty  
18 Securities Administrator

19 Approved by:

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22 Suzanne Sarason  
23 Chief of Enforcement

Presented by:



\_\_\_\_\_ Edward R. Thunen  
Financial Legal Examiner

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Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor