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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:

SWIMLABS & REHAB HOLDING
COMPANY, INC.

Respondent

Order No.: S-21-3104-21-CO01

CONSENT ORDER

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Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent SwimLabs & Rehab Holding Company, Inc. (“SwimLabs”) do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent SwimLabs neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondent

1. SwimLabs is a Colorado corporation formed on April 26, 2006 with its current principal place of business in Centennial, CO. SwimLabs’ corporate status with Colorado has been delinquent since September 2019, though it still legally exists as an entity. When it was active, SwimLabs was in the business of providing swimming lessons and seminars via in-person instruction or video. SwimLabs also offered and sold franchises of its business in multiple states.

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Related Entity

2. In February 2017, SafeSplash Brands, LLC d/b/a Steamline Brands (“SafeSplash”), a Colorado limited liability company, acquired all of SwimLabs’ assets, including SwimLabs’ then-existing franchise and license agreements. SafeSplash offers and sells franchises for the operation of businesses that provide

CONSENT ORDER

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

1 swimming instruction and other swim-related programs. SafeSplash is currently registered to sell its
2 franchises in Washington State.

3 **Nature of the Conduct**

4 3. In December 2014, SwimLabs executed a “License Agreement” with a Washington limited
5 liability company to operate a swimming instruction business in Issaquah, Washington (the “Agreement”).
6 The effective date of the Agreement was retroactive to February 2014. Execution of the Agreement was
7 delayed until December 2014 to allow time for the Washington licensee to lease appropriate space for the
8 business.

9 4. Under the Agreement, SwimLabs authorized the Washington licensee to use SwimLabs’
10 registered trademark or service mark in operating a swimming instruction business. SwimLabs agreed to
11 provide the licensee with support and services in several areas including:

12 [T]ech support, administrative assistance, coaching programs, business consulting, marketing
13 plans/programs, policies & procedures, web identity/presence, social media processes,
14 supplier/vendor discounts, and any other programs that would be mutually beneficial to build
15 the SwimLabs brand and develop business efficiencies.

16 5. In exchange, SwimLabs required that the licensee pay a \$10,000 fee, as well as a consulting
17 fee up to \$25,000 within the first year of the effective date for “start-up services.” These services included
18 marketing materials and training for the office manager and swim coaches, among other things. After the first
19 year, SwimLabs required the licensee to pay a fee of 4% of gross revenue (frequency unspecified).

20 6. SwimLabs never provided the Washington licensee with a franchise disclosure document.

21 **Registration Status**

22 7. SwimLabs was registered to sell a franchise in Washington from July 2, 2014 to July 7, 2015.
23 That registered franchise was for a business similar to the one that is the subject of this Consent Order.
However, the terms differed substantially between the two franchises, including the amount of the franchise

1 fee, the level of support provided by SwimLabs, and the standards and controls imposed by SwimLabs on the
2 franchisees.

3 8. Respondent SwimLabs is not currently registered to sell its franchises in the state of
4 Washington. SwimLabs has not previously been registered to offer or sell the franchise that is the subject of
5 this Consent Order, and there is no notification of exemption on file with the state of Washington for such
6 franchise.

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

8 **CONCLUSIONS OF LAW**

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10 1. The offer or sale of the License Agreement as described above constitutes the offer or sale of
11 a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

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

14 3. The offer or sale of said franchise was in violation of RCW 19.100.080 because Respondent
15 SwimLabs failed to provide the franchisee with a franchise disclosure document prior to the sale of the
16 franchise.

17 **CONSENT ORDER**

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

19 IT IS AGREED AND ORDERED that Respondent SwimLabs & Rehab Holding Company, Inc., and
20 its agents and employees shall each cease and desist from offering or selling franchises in violation of RCW
21 19.100.020, the registration section of the Franchise Investment Protection Act of the state of Washington.

22 IT IS FURTHER AGREED AND ORDERED that Respondent SwimLabs & Rehab Holding
23 Company, Inc., and its agents and employees shall each cease and desist from any violation of RCW

1 19.100.080, the franchise disclosure document section of the Franchise Investment Protection Act of the state
2 of Washington.

3 IT IS FURTHER AGREED AND ORDERED that Respondent SwimLabs & Rehab Holding
4 Company, Inc. shall be liable for and shall pay investigative costs of \$500 prior to the entry of this Consent
5 Order.

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

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8 IT IS FURTHER AGREED that Respondent SwimLabs & Rehab Holding Company, Inc. enters into
9 this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

10 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent SwimLabs & Rehab
11 Holding Company, Inc. waives its right to a hearing and to judicial review of this matter.

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13 Signed this 26th day of April, 2021.

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15 Signed by:

16 SWIMLABS & REHAB HOLDING COMPANY, INC.

17 By s/ Michael Mann
18 Michael Mann
19 President


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21 SIGNED and ENTERED this 17th day of May, 2021

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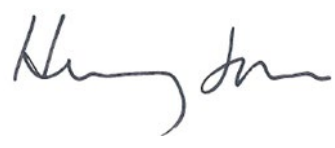
William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Huong Lam
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor