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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 by:

Madabolic Franchise System, LLC;

Respondent.

Order Number: S-23-3612-23-CO02
CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Madabolic Franchise System, LLC do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Madabolic Franchise System, LLC neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Madabolic Franchise System, LLC (Madabolic) is a Delaware limited liability company organized on June 19, 2019 that is based in Charlotte, North Carolina. Madabolic sells franchises involving the operation of an athletic conditioning facility that offers group fitness classes, beverages, supplements, and fitness-related apparel and merchandise.

Other Person and Entity

2. ZGrowth Partners, LLC (ZGrowth) is a Florida limited liability company formed on January 19, 2016 that uses a business address in Miami, Florida. ZGrowth is a franchise consulting firm that manages franchise sales, operations, and brand development.

3. Rick Del Sontro (Del Sontro) is a resident of the District of Columbia and the Chief Executive Officer (CEO) of ZGrowth. Del Sontro has been the CEO of ZGrowth since June 2018.

1 **Nature of the Conduct**

2 4. On August 19, 2019, Madabolic entered into a Franchise Consulting Agreement with
3 ZGrowth, a franchise consulting firm that was not registered with the state of Washington as a franchise
4 broker. Under the terms of the agreement, Madabolic paid ZGrowth a monthly retainer for franchise sales
5 and paid a commission of 50% on each franchise sale. ZGrowth assisted Madabolic in developing a franchise
6 marketing plan, including marketing strategies, programs, and a budget. ZGrowth assisted Madabolic in
7 establishing a franchise recruiting process that would be implemented by ZGrowth, including initial lead
8 generation through discovery day and final execution of the franchise agreement. Madabolic also paid a
9 monthly retainer to ZGrowth to assist in the operations of the company. ZGrowth paid Del Sontro a 26.8%
10 commission on the 50% commission that ZGrowth received from Madabolic on franchise sales.

11 5. On May 31, 2022, Madabolic filed an initial franchise registration application (File No.
12 70017686) with the Securities Division. The initial franchise registration application included a copy of a
13 Franchise Disclosure Document (FDD) and a document in which Madabolic represented that “no offers or
14 sales of franchises will be made in Washington until the registration is made effective by the Director.”

15 6. Since at least April 2022, Madabolic offered franchises to the public, including Washington
16 residents, through its website, madabolic.com. Persons visiting the madabolic.com website could fill out a
17 form to request a copy of the company’s “Franchise Brochure” and click a link labelled “Own a Madabolic”
18 that would direct them to another website, madfranchising.madabolic.com, which contained YouTube videos
19 and other information about franchising opportunities. The website inquiries generated email “leads” that
20 were sent to ZGrowth personnel. Between 2022 and 2023, several Washington residents submitted inquiries
21 through the Madabolic website and were subsequently contacted by ZGrowth personnel regarding Madabolic
22 franchises. Two Washington residents completed and submitted a Request for Franchise Consideration.

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7. In November 2022, the Securities Division issued Madabolic a permit to offer and sell franchises in Washington that was made effective on November 23, 2022 and which expires on November 23, 2023.

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

CONCLUSIONS OF LAW

1. The offer described above constitutes the offer of a franchise as defined in RCW 19.100.010(6) and RCW 19.100.010(12).
2. The offer of said franchises by Madabolic Franchise System, LLC was in violation of RCW 19.100.020 because no registration for such offer was on file with the Washington Securities Administrator.
3. The offer of said franchises was in violation of RCW 19.100.140 because Madabolic Franchise System, LLC used an unregistered franchise broker to offer a franchise in the state of Washington.

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

CONSENT ORDER

IT IS AGREED AND ORDERED that Respondent Madabolic Franchise System, LLC, and its 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 AGREED AND ORDERED that Respondent Madabolic Franchise System, LLC, and its agents and employees, shall cease and desist from offering or selling franchises in violation of RCW 19.100.140, the franchise broker registration section of the Franchise Investment Protection Act of the state of Washington.

1 IT IS FURTHER AGREED AND ORDERED that Respondent Madabolic Franchise System, LLC
2 shall be liable for and shall pay investigative costs of \$2,000 prior to the entry of this Consent Order.

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

4 IT IS FURTHER AGREED that Madabolic Franchise System, LLC enters into this Consent Order
5 freely and voluntarily and with full understanding of its terms and significance.

6 IT IS FURTHER AGREED that in consideration of the foregoing, Madabolic Franchise System,
7 LLC waives its right to a hearing and to judicial review of this matter.

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9 Signed this 29th day of September, 2023.

10 Signed by:

11 Madabolic Franchise System, LLC

12 /s/
13 _____
14 Rick Del Sontro
15 CEO
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1 SIGNED and ENTERED this 3rd day of October, 2023.



8 /s/
William M. Beatty
9 Securities Administrator

10 Approved by:

Presented by:

11
12 /s/
13 Brian J. Guerard
14 Chief of Enforcement

15
16 /s/
17 Robert Kondrat
18 Financial Legal Examiner