

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-20-2867-20-CO01
5 whether there has been a violation of the)
6 Franchise Investment Protection Act of) CONSENT ORDER
7 Washington by:)
8 Lifestyle Media Solutions, LLC,)
9 Respondent)
10 _____)

11 Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and
12 Respondent Lifestyle Media Solutions, LLC enter into this Consent Order to settle the matters addressed below.

13 Respondent Lifestyle Media Solutions neither admits nor denies the following Findings of Fact or Conclusions
14 of Law:

15 **FINDINGS OF FACT**

16 Respondents

17 1. Lifestyle Media Solutions is a Kansas limited liability company formed in 2008 for the purpose of creating and
18 distributing community magazines. The company was originally incorporated under the name, Kingdom Holdings, LLC,
19 and then changed its name to Lifestyle Publications, LLC, in 2013. The company's name change to Lifestyle Media
20 Solutions, LLC, took place in 2019. The company generally does business as Lifestyle Publications.

21 Sale of Franchises in Washington

22 2. Lifestyle Media Solutions operates a business that publishes magazines for residential communities. To fund its
23 business, Lifestyle Media Solutions sells advertising in these community magazines. The company relies on area sales
directors, whom the company refers to as "Publishers," to facilitate these advertising sales on a commission basis.
Lifestyle Media Solutions sells the ability to act as an area sales director under the Lifestyle brand and under Lifestyle
Media Solutions' direction. Lifestyle Media Solutions entered into two such agreements with Washington residents in
2016 and 2018, respectively.

3. Lifestyle Media Solutions charged one Washington resident a \$1,000 fee and another Washington resident a
\$6,000 fee to become an area sales director. In exchange for these fees, Lifestyle Media Solutions provided these
Washington residents with the right to use Lifestyle Media Solutions' name, trademarks, and copyrights within separate
specific geographic areas in Washington. These Washington residents act as sole proprietors.

CONSENT ORDER

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

1 4. Area sales directors have some control over the editorial content of their community magazine; however, an area
2 sales director's primary responsibility is selling advertising for their community magazine, which Lifestyle Media
Solutions publishes and distributes.

3 5. Lifestyle Media Solutions requires area sales directors, at their own cost, to hire writers and photographers to
4 develop content for their community magazine.

5 6. Area sales directors solicit advertising for their community magazines by using advertising contracts written by
6 Lifestyle Media Solutions. Lifestyle Media Solutions vets all advertisements that an area sales director secures. Lifestyle
Media Solutions, as part of its marketing plan, also determines the pricing of all advertising that the area sales directors
7 sells.

8 7. Area sales directors generally get paid the total value of all advertising sales for each community magazine issue,
9 less a fee collected by Lifestyle Media Solutions of seven percent of the advertising sales, less the community magazine
publication expenses charged by Lifestyle Media Solutions, less miscellaneous expenses assessed by Lifestyle Media
Solutions.

10 8. Additional elements of Lifestyle Media Solutions' marketing plan include requiring area sales directors to use
11 software approved by Lifestyle Media Solutions, maintain a dedicated telephone number for business, and regularly
participate in Lifestyle Media Solutions conferences and conference calls. Lifestyle Media Solutions further assigns area
12 sales directors a company email address and maintains a website on their behalf. Lifestyle Media Solutions also provides
area sales directors with customer lists, marketing data and research, and suggested methods of operation.

13 9. Lifestyle Media Solutions retains the right to transfer or assign the area sales director agreement to another
14 person or legal entity without prior notice to or the consent of the area sales director.

15 Registration Status

16 10. Lifestyle Media Solutions is not currently registered to offer and sell franchises in Washington and has not
previously been registered to do so.

17 Failure to Provide Franchise Disclosure Document

18 11. Lifestyle Media Solutions failed to provide both Washington residents with a disclosure document, which met
the requirements of RCW 19.100.040, prior to each of the Washington residents signing agreements to become
19 Lifestyle Media Solutions area sales directors.

20 12. The agreements that these two Washington residents signed do not include many of the protections afforded in
Washington's Franchise Investment Protection Act. The agreements further lack detail about Lifestyle Media
21 Solutions' formula for paying area sales directors, such as information about the advertising rates that Lifestyle Media
Solutions charges, the frequency of changes to these advertising rates, the specific costs associated with Lifestyle
22 Media Solutions' publishing an area sales director's community magazine, and the amount and frequency of any other
23 miscellaneous expenses assessed to area sales directors. Had Lifestyle Media Solutions properly registered with the

1 Securities Division and provided compliant franchise disclosure documents, many of these issues would have been
2 remedied or addressed.

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

4 **CONCLUSIONS OF LAW**

5 1. The agreements that Lifestyle Media Solutions entered into with two Washington residents , as described
6 above, constitutes the sale of a franchise as defined in RCW 19.100.010(6) and RCW 19.100.010(17).

7 2. Lifestyle Media Solutions’ sale of these franchise violated RCW 19.100.020 because Lifestyle Media
8 Solutions was not registered with the Securities Division to offer or sell franchises in the state at the time of the sales.

9 3. The separate offers and sales of Lifestyle Media Solutions franchises to two Washington residents was in
10 violation of 19.100.080 because Lifestyle Media Solutions failed to provide the two Washington residents with a
11 disclosure document, which met the requirements of RCW 19.100.040, prior to the two Washington residents’
12 purchase of a Lifestyle Media Solutions franchise.

13 **CONSENT ORDER**

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

15 IT IS AGREED AND ORDERED that Lifestyle Media Solutions, its agents, and its employees shall each
16 cease and desist from offering or selling franchises in violation of RCW 19.100.020, the registration section of the
17 Franchise Investment Protection Act of the state of Washington.

18 IT IS FURTHER AGREED AND ORDERED that Lifestyle Media Solutions, its agents, and its employees
19 shall each cease and desist from offering or selling franchises in violation of RCW 19.100.080, the disclosure
20 document section of the Franchise Investment Protection Act of the state of Washington.

21 IT IS FURTHER AGREED that prior to the entry of this Consent Order, Lifestyle Media Solutions shall be
22 liable for and shall pay the Securities Division the costs and expenses incurred in the investigation of this matter in the
23 amount of \$2,000.

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

IT IS FURTHER AGREED that Lifestyle Media Solutions 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, Lifestyle Media Solutions waives its right
to a hearing and to judicial review of this matter.

Signed this ____11th__ day of _____May_____ 2020.

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Lifestyle Media Solutions, LLC.

By _____/s/_____
Steven Schowengerdt
CEO of Lifestyle Media Solutions, LLC

SIGNED and ENTERED this 21st day of May, 2020.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Eric Palosaari
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor

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