

**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:

Network in Action Int'l, LLC;
Christopher Scott Talley,
Respondents.

Order No. S-24-3809-25-CO02

CONSENT ORDER

INTRODUCTION

On November 22, 2024, the Securities Administrator of the Securities Division of the Department of Financial Institutions ("Securities Division") issued a Stop Order Revoking Effectiveness of Registration Statement and Statement of Charges and Notice of Intent to Enter Order to Cease and Desist ("Stop Order and Statement of Charges"), S-24-3809-24-SO01 against Network in Action Int'l, LLC and Christopher Scott Talley. Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and Respondents Network in Action Int'l, LLC and Christopher Scott Talley (the "Respondents") do hereby enter into this Consent Order in settlement of the matters set forth in the Stop Order and Statement of Charges and as alleged below. The Respondents neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Network in Action Int'l, LLC ("Network in Action" or "NIA") is a Texas entity formed on June 27, 2015 with its principal place of business in Houston, Texas. Network in Action is a business-referral organization engaged in the business of offering and selling Network in Action franchises consisting of one or more networking groups.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

2. Christopher Scott Talley is a resident of Houston, Texas. He is the Franchise Director and founder of Network in Action.

Related Parties

3. Cathryn Dall is a Washington resident and a Network in Action franchisee in the greater Seattle area. From February 2020 through 2024, Network in Action and Christopher Scott Talley employed Dall as an independent contractor for the purpose of soliciting and selling franchises on behalf of Network in Action. Cathryn Dall is not currently, nor has she ever been, registered as a franchise broker with the State of Washington.

Nature of the Conduct

Overview

4. From approximately 2020 through 2024, Network in Action, Christopher Scott Talley (“Talley”), and Cathryn Dall (“Dall”) offered unregistered Network in Action franchises to Washington residents. Network in Action and Talley sold eight Network in Action franchises to Washington residents with franchise fees totaling \$119,000. Two of the franchises sold were not registered. Talley made material misrepresentations to prospective Washington franchisees about Network in Action’s franchise offerings related to financial performance and territory rights. The franchise disclosure documents provided by Network in Action to Washington residents for the Network in Action franchises contained material omissions regarding costs and lawsuits.

5. From 2021 through 2022, Network in Action violated the conditions placed on the permits granted by the Securities Division to Network in Action to offer and sell franchises in the State of Washington by requiring and accepting the payment of initial franchise fees before the Washington franchisees received all initial training that they were entitled to under the franchise agreement and before they were open for business.

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Offerings

6. Network in Action offers and sells networking group franchises. There are two Network in Action franchise offerings: (1) an in-person Network in Action networking group franchise (hereinafter “in-person NIA franchise”); and (2) a virtual Network in Action networking group franchise (hereinafter “virtual NIA franchise”). Network in Action and Talley have offered the virtual NIA franchise to prospective franchisees as a supplement to the in-person NIA franchise. Network in Action’s virtual NIA franchise has never been reviewed by nor registered with the State of Washington.

7. The two franchise offerings are similar in many aspects. For both the in-person and virtual NIA franchises, franchisees host monthly networking meetings for their groups. Members of the networking groups pay a yearly membership fee and can refer business to other members of their group. The franchise offerings include, but are not limited to, training, use of Network in Action’s proprietary trademarks, Network in Action’s technology system and software, franchisor support consisting of monthly calls, and yearly franchisee conventions. Franchisees can also elect additional coaching or materials, such as leads, for a fee. Minimum royalty fees are the greater of a tiered set dollar amount or a percentage ranging from 9 to 15% of gross revenues.

8. The two franchise offerings differ in a few material ways, including the number of networking groups available for purchase, the specified territory, the amount of the franchise fee, and the opening and operation of the business. The terms of the franchise agreements and franchise disclosure documents reflect these differences, including but not limited to, variances in the Item 5 initial fees disclosure, the Item 12 territory disclosure, and Section 5 of the franchise agreement, “Opening of Franchised Business.”

9. The initial franchise fee is \$0 for a virtual NIA franchise, whereas the initial franchise fee has ranged from \$0 to \$40,000 for an in-person NIA franchise in Washington. The virtual NIA franchise’s territory is either a local virtual group in a zip code already in the franchisee’s existing franchise agreement or a

1 nationwide virtual group. For the in-person NIA franchise, the territory is a generalized geographical area or
2 specific zip codes. The networking meetings for the virtual NIA franchise must be held on an approved online
3 platform, while the networking groups for the in-person NIA franchise must be held at an approved host
4 venue. In addition, franchisees can purchase one or more networking groups for the in-person NIA franchise,
5 but for the virtual NIA franchise they can only purchase one.

6 *Activity in Washington State*

7 10. On February 3, 2020, Dall signed an independent contractor agreement with Network in Action
8 and Talley to solicit and sell franchises on behalf of Network in Action.

9 11. From approximately 2020 through 2024, Network in Action, Dall, and Talley solicited
10 prospective Washington franchisees regarding Network in Action's franchise offerings via email, Zoom call,
11 telephone, Network in Action's website, LinkedIn, Eventbrite, and in-person events. Dall sent scripted emails
12 to prospective Washington franchisees with materials including links to Network in Action's YouTube
13 Channel, franchisee interviews, and a list of Network in Action franchise owners.

14 12. From May to September 2020, Dall and Talley communicated with a prospective Washington
15 franchisee via LinkedIn, email, and Zoom calls to solicit an offer to buy a Network in Action franchise. Talley
16 later offered an in-person NIA franchise to the prospective Washington franchisee.

17 13. From approximately 2021 to 2024, Dall invited prospective Washington franchisees to attend
18 her NIA Eastside networking group as potential members after connecting with them over the phone or in-
19 person. Later, Dall presented these prospective Washington franchisees with the offer to purchase Network in
20 Action franchises and sent their contact information to Talley. Talley then called the prospective Washington
21 franchisees to discuss Network in Action's franchise offerings and provided them with Network in Action's
22 Franchise Disclosure Document ("FDD") and franchise agreement for the in-person and/or virtual NIA
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franchise offerings. All but one Washington franchisee, and excluding Dall herself, “came to NIA franchise ownership as a result of visiting [Dall’s] groups in the Northwest.”

14. On June 19, 2024, Network in Action, Talley, and Dall hosted a dinner in Seattle, Washington to solicit offers to buy Network in Action franchises. Dall and Talley reached out to some of the prospective Washington franchisees who attended the dinner afterwards via email and provided copies of Network in Action’s in-person NIA FDD and franchise agreement for review.

15. Between February 2021 and August 2024, Network in Action and Talley sold six in-person NIA franchises in Washington State, with franchise fees totaling \$119,000 and ranging from \$0 to \$40,000. Dall received \$22,900 in commissions for four of these franchise sales. One of the franchises sold by Network in Action was given to Dall for a franchise fee of \$0 as compensation for “services provided recruiting franchises [sic] in 2020/2021.”

16. In 2021, Network in Action and Talley offered and later sold two virtual NIA franchises to prospective Washington franchisees for \$0 as a “gift” to supplement the in-person NIA franchises offered to those same individuals. Although termed a “gift,” the royalty fees for the virtual NIA franchise are the greater of a tiered set dollar amount or 15% of gross revenues.

17. The permits to offer and sell franchises in Washington State that the Securities Division granted to Network in Action for its in-person NIA franchise offerings have the following special condition: “In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.” From 2021 through 2022, Network in Action collected franchise fees from Washington franchisees before the franchisees had received all initial training and were open for business.

Misrepresentations and Omissions

1 18. Network in Action and Talley misrepresented information about financial performance in the
2 virtual NIA FDD. In 2021, Network in Action and Talley provided a FDD to prospective Washington
3 franchisees for Network in Action’s virtual NIA franchise offering that contained misleading representations
4 because the data regarding gross revenue in the Item 19 financial performance representations was drawn
5 from Network in Action’s in-person NIA franchises.

6 19. Talley misrepresented whether an exclusive territory was offered with the in-person NIA
7 franchise. From 2021 through 2022, Talley misled prospective Washington franchisees by representing
8 verbally and/or in writing that they would have exclusive territory rights with first right of refusal for
9 additional Washington networking groups with their in-person NIA franchise. This was contrary to Item 12 of
10 Network in Action’s in-person NIA FDD. Item 12 states: “You will not receive an exclusive territory. You
11 may face competition from other franchisees... You have no options, rights of first refusal or similar rights to
12 acquire additional franchises.” Network in Action and Talley sold Washington franchises without first offering
13 them to extant Washington franchisees. Franchisees also faced competition from other franchisees in their
14 area.

15 20. Talley made misrepresentations about the financial performance of the in-person NIA
16 franchises. From 2021 to 2024, Talley misled prospective Washington franchisees by verbally representing
17 that they could make \$100,000 to \$150,000 working “part-time” or ten to fifteen hours a week running three
18 Network in Action networking groups. The in-person NIA FDDs provided to prospective Washington
19 franchisees in 2021 and 2022 by Network in Action and Talley showed an average gross revenue of \$108,668
20 for three franchisee-owned Network in Action groups in the Item 19 financial performance representations
21 (“FPR”), but there was no data or information in the FDDs regarding the number of hours worked to generate
22 that amount of revenue. The updated in-person NIA FDD provided to a prospective Washington franchisee in
23 2024 by Network in Action and Talley showed that the average gross revenue for the three franchisee-owned

1 Network in Action groups had decreased to \$72,543 in the Item 19 FPR. Again, the hours worked to generate
2 that amount of gross revenue was not reported.

3 21. In 2024, Dall, who runs three Network in Action networking groups, told a prospective
4 Washington franchisee that she makes six figures working part-time, but “it took her years of hard work to
5 get there.” It has been difficult for multiple Washington franchisees to recruit members for their networking
6 groups, and although these franchisees worked well over ten to fifteen hours of work a week, they made less
7 than \$50,000 in gross revenue in 2023. One Washington franchisee has been unable to “launch” a single
8 networking group and therefore has made no income. To “launch” a networking group, Network in Action
9 requires that a franchisee recruit eleven members to join a networking group. Only when a group is launched
10 can a franchisee then collect membership fees. However, even if a franchisee has not been able to launch their
11 group, and thus cannot charge and collect revenue from membership fees, they are still required to pay
12 royalties to Network in Action.

13 22. Network in Action and Talley omitted a lawsuit from the in-person NIA FDD. In August 2024,
14 Network in Action and Talley provided an in-person NIA FDD to a prospective Washington franchisee that
15 contained an Item 3 disclosure that stated Network in Action was not involved in any litigation required to be
16 disclosed. Network in Action then entered into a franchise agreement with that prospective Washington
17 franchisee on August 30, 2024 without first providing them with an updated FDD disclosing a civil legal
18 action filed against Network in Action earlier that month by a competitor alleging unfair and deceptive
19 practices.

20 23. Network in Action and Talley omitted a cost from the in-person and virtual NIA FDDs.
21 Network in Action franchisees are required to host a community service project annually for any group in
22 month ten of its existence or pay a \$250 fee to the franchisor. From 2021 through 2024, Network in Action
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1 and Talley have provided prospective Washington franchisees with in-person and virtual NIA FDDs that omit
2 this cost from Item 6.

3 **Registration Status**

4 24. Network in Action initially registered its in-person NIA franchise offering with the Securities
5 Division in 2018, with a permit effective from February 14, 2018 to February 14, 2019. Network in Action's
6 registration lapsed when its permit expired on February 14, 2019.

7 25. Network in Action re-registered its in-person NIA franchise offering with the Securities
8 Division in late 2020 and was registered from December 7, 2020 through September 7, 2023. Network in
9 Action's registration lapsed when its permit expired on September 7, 2023.

10 26. Network in Action re-registered its in-person NIA franchise offering with the Securities
11 Division in August 2024 with a permit currently effective from August 2, 2024 through August 2, 2025.

12 27. Network in Action has never registered its virtual NIA franchise offering with the State of
13 Washington.

14 28. Cathryn Dall is not currently, nor has she ever been, registered as a franchise broker with the
15 State of Washington.

16 **CONCLUSIONS OF LAW**

17 1. The offer and/or sale of the Network in Action franchises described above constitutes the offer
18 and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

19 2. Christopher Scott Talley and Network in Action Int'l, LLC violated RCW 19.100.020, the
20 franchise registration section of the Franchise Investment Protection Act, by offering and/or selling franchises
21 for which no registration was on file with the Securities Administrator.

22 3. Christopher Scott Talley and Network in Action Int'l, LLC violated RCW 19.100.070 by
23 failing to amend Network in Action Int'l, LLC's registration on file with the Securities Administrator within

1 a reasonable period of time after a material change in the information contained in its disclosure document
2 occurred and before the further sale of the franchise.

3 4. Christopher Scott Talley and Network in Action Int'l, LLC violated RCW 19.100.080, the
4 disclosure document requirement section of the Franchise Investment Protection Act, by selling franchises
5 without providing prospective purchasers with a current disclosure document that contained all material
6 information about the franchise.

7 5. In connection with the August 2024 offering as set forth above, Christopher Scott Talley and
8 Network in Action Int'l, LLC violated RCW 19.100.070 and RCW 19.100.080, which pursuant to RCW
9 19.100.120(2)(b), is grounds for the issuance of a stop order.

10 6. Christopher Scott Talley and Network in Action Int'l, LLC violated RCW 19.100.140, the
11 franchise broker registration section of the Franchise Investment Protection Act, by employing a franchise
12 broker for whom no registration is on file with the Securities Administrator.

13 7. Christopher Scott Talley and Network in Action Int'l, LLC violated RCW 19.100.170, the
14 antifraud section of the Franchise Investment Protection Act, by making untrue statements of material fact or
15 omitting to state material facts necessary to make the statements made, in light of the circumstances in which
16 they were made, not misleading.

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

18 **CONSENT ORDER**

19 IT IS AGREED AND ORDERED that Respondents Network in Action Int'l, LLC and Christopher
20 Scott Talley, and their agents and employees, shall each cease and desist from violating RCW 19.100.020, the
21 franchise registration section of the Franchise Investment Protection Act.

1 IT IS AGREED AND ORDERED that Respondent Network in Action Int'l, LLC and Christopher
2 Scott Talley, and their agents and employees, shall each cease and desist from violating RCW 19.100.070 of
3 the Franchise Investment Protection Act.

4 IT IS AGREED AND ORDERED that Respondents Network in Action Int'l, LLC and Christopher
5 Scott Talley, and their agents and employees, shall each cease and desist from violating RCW 19.100.080, the
6 disclosure document requirement section of the Franchise Investment Protection Act.

7 IT IS AGREED AND ORDERED that Respondent Network in Action Int'l, LLC and Christopher
8 Scott Talley, and their agents and employees, shall each cease and desist from violating RCW 19.100.140, the
9 franchise broker registration section of the Franchise Investment Protection Act.

10 IT IS AGREED AND ORDERED that Respondent Network in Action Int'l, LLC and Christopher
11 Scott Talley, and their agents and employees, shall each cease and desist from violating RCW 19.100.170, the
12 antifraud section of the Franchise Investment Protection Act.

13 IT IS AGREED AND ORDERED that the franchise registration statement filed by Network in Action
14 Int'l, LLC, effective as of August 2, 2024, is hereby revoked.

15 IT IS AGREED that Respondent Network in Action Int'l, LLC will not seek future registration with
16 the Securities Division, and that the Securities Administrator will deny any franchise registration applications
17 that Network in Action Int'l, LLC and/or Christopher Scott Talley may file in the future, for a period of no
18 less than five (5) years from the date of entry of this Order.

19 IT IS AGREED that Respondent Network in Action Int'l, LLC will send by electronic mail, to the
20 email addresses Network in Action Int'l, LLC has on file for the Washington franchisees, a copy of this Order,
21 along with an offer permitting the voluntary termination of the Franchise Agreement(s) without requiring any
22 form of compensation to Network in Action Int'l, LLC, including but not limited to the payment of liquidated
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1 damages, termination fees, and/or penalties, to all current franchisees in the State of Washington who entered
2 into a Franchise Agreement with Network in Action Int'l, LLC between 2019 and 2024.

3 IT IS AGREED that Respondent Network in Action Int'l, LLC shall provide the Securities Division
4 with proof that it sent a copy of this Order, along with an offer permitting the voluntary termination of the
5 Franchise Agreement(s) without requiring any form of compensation to Network in Action Int'l, LLC, to all
6 current franchisees in the State of Washington who entered into a Franchise Agreement with Network in
7 Action Int'l, LLC between 2019 and 2024, prior to the entry of this Order.

8 IT IS AGREED that Respondent Network in Action Int'l, LLC shall be liable for and pay investigative
9 costs in the amount of \$4,468.75 prior to the entry of this Order.

10 IT IS AGREED that Respondents Network in Action Int'l, LLC and Christopher Scott Talley enter
11 into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

12 IT IS AGREED that the Securities Division has jurisdiction to enter this order.

13 IT IS AGREED that in consideration of the foregoing, the Respondents waive their right to a hearing
14 and to judicial review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW.

15
16 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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18 Signed this 8th day of March 2025.

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20 Signed by:
21 Network in Action Int'l, LLC
22 /s/ Christopher Scott Talley
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Signed by:

/s/ Christopher Scott Talley

Christopher Scott Talley, Individually

SIGNED and ENTERED this _18th_ day of March, 2025.

/s/ William M. Beatty

William M. Beatty
Securities Administrator

Approved by:

/s/ Brian J. Guerard

Brian J. Guerard
Chief of Enforcement

Presented by:

/s/ Anna Harkness

Anna Harkness
Financial Legal Examiner

Reviewed by:

/s/ Holly Mack-Kretzler

Holly Mack-Kretzler
Financial Legal Examiner Supervisor