

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, AUGUST 11, 2022

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2022-00021

G.C. FRANCHISING SYSTEMS, INC.
D/B/A THE GROWTH COACH,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of G.C. Franchising Systems, Inc. d/b/a The Growth Coach ("G.C. Franchising" or "Defendant"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

G.C. Franchising is an Ohio corporation with a principal business address of 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45242. G.C. Franchising offers and sells franchises under the name "The Growth Coach," which provide various business and professional development services to individuals. Since 2005, G.C. Franchising has continuously maintained with the Division registration in Virginia of its franchise, The Growth Coach. From January 2015 through August 27, 2015, Bernard J. Brozek ("Mr. Brozek") was the Director of G.C. Franchising.

The Division alleges that G.C. Franchising did not file an amendment to its 2014 franchise disclosure document ("FDD") on file with the Division to disclose Mr. Brozek's 2012 bankruptcy under Item 4, as required under Rule 21 VAC 5-110-40 of the Retail Franchising Act Rules ("Rules"), 21 VAC 5-110-10 *et seq.*

Further, the Division alleges that on May 13, 2015, G.C. Franchising offered and sold to a franchisee ("Virginia Franchisee") a The Growth Coach franchise to be operated in Virginia, which required the Virginia Franchisee to execute a franchise agreement. The Division alleges that the Virginia Franchisee was provided with a 2014 FDD in connection with the offer and sale on April 10, 2015, which did not disclose Mr. Brozek's bankruptcy.

Based on its investigation, the Division alleges that the Defendant violated § 13.1-563(2) of the Act by omitting the material fact of Mr. Brozek's 2012 bankruptcy in connection with the offer and sale of a The Growth Coach franchise to the Virginia Franchisee. The Division further alleges that the Defendant violated Rule 21 VAC 5-110-40, by failing to file an amendment of its FDD with the Division that included and disclosed Mr. Brozek's bankruptcy under Item 4 of the FDD and the addition of Mr. Brozek as an officer under Item 2 of the FDD.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration; by § 13.1-568 of the Act to issue temporary or permanent injunctions; by § 13.1-570 of the Act to impose certain civil penalties and to request that a defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Division wherein the Defendant will abide by and comply with the following terms:

1. The Defendant will make a rescission offer ("Rescission Offer") within thirty (30) days of the entry of this Order to the Virginia Franchisee, to include an offer to refund the initial franchise fee. The Rescission Offer will be made as follows:

- a. The Rescission Offer, which must be sent via certified mail with a return receipt, will contain a provision that provides the Virginia Franchisee thirty (30) days from the date of receipt of the Rescission Offer to provide the Defendant with written notification of the Virginia Franchisee's decision to accept or reject the Rescission Offer.
- b. The Defendant will provide the Division with a copy of the Rescission Offer, for its review and comment, at least ten (10) days prior to sending it to the Virginia Franchisee.
- c. The Defendant, within ten (10) days of the entry of this Order, will send a copy of this Order to the Virginia Franchisee.
- d. If the Virginia Franchisee accepts the Rescission Offer, the Defendant will make payment of the initial franchise fee to the Virginia Franchisee within fifteen (15) days of receipt of the written acceptance.
- e. Within ninety (90) days from the date of entry of this Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, containing the date that the Virginia Franchisee received the Rescission Offer, the Virginia Franchisee's response, and, if applicable, the initial franchise fee amount paid and the date that the Defendant sent payment to the Virginia Franchisee.

2. The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Five Hundred Dollars (\$2,500) in monetary penalties.

3. The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of One Thousand Dollars (\$1,000) to defray the costs of investigation.

4. The Defendant will not violate the Act or the Rules in the future.

The Division has recommended that the Commission accept the Defendant's settlement offer.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the settlement should be, and is hereby, accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The settlement is accepted.
- (2) The Defendant shall fully comply with the terms of this Order.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms of the settlement.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Jeffrey D. Siehl, Esquire, at jsiehl@franchisesupport.net, 4755 Lake Forest Drive, Suite 100, Cincinnati, Ohio 45242; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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CASE NO. SEC-2022-00021

G.C. FRANCHISING SYSTEMS, INC.
D/B/A THE GROWTH COACH,
Defendant

ADMISSION AND CONSENT

G.C. Franchising Systems, Inc. d/b/a The Growth Coach ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, and neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

G.C. Franchising Systems, Inc.
d/b/a The Growth Coach

Date: Jul 6, 2022

By: Christopher Seman
Christopher Seman (Jul 6, 2022 14:08 EDT)

Its: President

Seen by:

Jeff Siehl
Jeff Siehl (Jul 6, 2022 14:10 EDT)
Jeffrey D. Siehl, Esquire

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