

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

Respondent.

This Consent Order is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) and OsteoStrong Franchising, Inc., also known as OsteoStrong Franchising, LLC (OsteoStrong) (collectively the Parties) and is made with respect to the following facts:

## Recitals

A. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise

Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises in California. To register a franchise, a franchisor must file an application which includes a Uniform Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance with sections 31111 and 31114. The FIL requires franchisors to disclose certain material information which is intended to provide prospective franchisees with facts upon which to make an informed decision to purchase a franchise, as stated in section 31001.

B. At all relevant times, OsteoStrong Franchising, Inc., is a Delaware corporation doing business at 8524 Highway 6 North, Suite 310, Houston, Texas 77095. OsteoStrong Franchising, LLC,<sup>2</sup> is a Texas limited liability company also doing business at 8524 Highway 6 North, Suite 310, Houston, Texas 77095.

C. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in this state unless the offer has been registered with the Commissioner or is exempted.

1. From August 2014 to at least November 2018, OsteoStrong entered into at least three (3) franchise area development agreements entitled “Franchise Broker Agreement” and Contract Agreement/Brand Ambassador” for the operation of OsteoStrong store(s), using a system prescribed by OsteoStrong. At no time was OsteoStrong registered to offer and sell area development franchises<sup>3</sup> by the Commissioner pursuant to the FIL. Therefore, OsteoStrong violated section 31110 of the FIL at least three (3) times.

D. Pursuant to section 31119, it is unlawful to sell any franchise without first providing a prospective franchisee with the FDD at least fourteen (14) days prior to the execution of a franchise agreement or receipt of consideration.

1. From August 2014 to at least November 2018, OsteoStrong sold at least three (3) OsteoStrong franchise area developments. OsteoStrong failed to provide franchise disclosure

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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

<sup>2</sup> OsteoStrong grants franchises for the operation of a wellness center that offers customers the use of a machine which promotes bone and muscle health (the "bioDensity® machine") and a vibration plate exercise machine under the "OsteoStrong" trademark.

<sup>3</sup> OsteoStrong was registered from 2014 to 2018 with the Department to offer and sell OsteoStrong franchises. However, OsteoStrong was not registered with the Department at any time to offer and sell OsteoStrong area development franchises from 2014 to 2018 pursuant to the FIL. These franchises require a separate registration under the category of “area development” franchises.

documents (FDD) to at least three (3) investors. Therefore, OsteoStrong violated section 31119 of the FIL at least three (3) times.

E. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue statement of a material fact in any application, notice or report filed with the Commissioner under the FIL, or willfully omit to state in any such application, notice, or report any material fact which is required to be stated therein or fail to notify the Commissioner of any material change as required by section 31123.

1. OsteoStrong failed to disclose the material fact that there were three (3) franchise brokers that were not disclosed to the Commissioner in any application filed with the Commissioner from 2014 to at least November 2018. Specifically, investor B, investor P, and investor A/JDG executed franchise broker agreements for OsteoStrong covering 2014 to 2018. However, OsteoStrong failed to disclose the three (3) franchise brokers in at least five (5) FIL application registrations from 2014 to 2018<sup>4</sup>. Therefore, OsteoStrong has also violated section 31200 of the FIL at least fifteen (15) times.

F. The Commissioner hereby finds as follows:

1. OsteoStrong offered and sold at least three (3) OsteoStrong franchise area developments without being registered with the Commissioner or exempt, in violation of section 31110;

2. On at least three (3) occasions, OsteoStrong engaged in the sale of an OsteoStrong area development franchise without first providing a prospective franchisee with the FDD at least fourteen (14) days prior to the execution of a franchise agreement or receipt of consideration, in violation of section 31119; and

3. On at least fifteen (15) occasions, OsteoStrong willfully omitted to state to the Commissioner a material fact which was required to be stated therein or fail to notify the Commissioner of any material change as required by section 31123, in violation of section 31200 of the FIL.

<sup>4</sup> App-715 received by the Department on 5/1/14; App-3143 received by the Department on 4/20/15; App-5926 received by the Department on 4/19/16; App-8958 received by the Department on 4/21/17; and App-12103 received by the Department on 4/27/18.

## II.

## **Terms and Conditions**

1. Purpose. This Consent Order resolves the issues set forth herein above before the Commissioner in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes and provisions of the applicable law.

2. Desist and Refrain Order. Pursuant to Corporations Code section 31406, OsteoStrong will consent to an order to desist and refrain from violating Corporations Code sections 31110, 31119, 31200 and any other provision of the FIL. The issuance of this order is necessary, in the public interest, for the protection of investors and is consistent with the purposes, policies, and provisions of the FIL.

3. Penalties. OsteoStrong will consent to pay to the Department administrative penalties in the amount of \$10,500 for at least twenty-one (21) violations at \$500 per violation, no later than fifteen (15) days, after the Effective Date of this Consent Order as defined in paragraph 24 (Effective Date). Failure to pay Penalties in a timely manner shall be deemed to be a material breach of this Consent Order.

4. Disgorgement. OsteoStrong shall disgorge and return, as to the unregistered area development agreements, all received funds, including, but not limited to franchise initial fees, marketing and advertisement fees, royalties, and any deposits according to proof (Funds) to OsteoStrong from investor franchisee B, investor franchisee P, and investor franchisee A/JDG. OsteoStrong is hereby ordered, and OsteoStrong hereby agrees to disgorge any area development agreement benefit received by investor franchisee B, investor franchisee P, and investor franchisee A/JDG and refund all Funds within sixty (60) days of the Effective Date of this Consent Order. OsteoStrong shall submit to the Commissioner proof of payment of all Funds to investor franchisee B, investor franchisee P, and investor franchisee A/JDG. The proof of disgorgement and payment of

1 Funds shall be sent to the attention of: Ms. Marisa I. Urteaga-Watkins, Senior Counsel, at  
2 marisa.urteaga-watkins@dfpi.ca.gov.

3       5.     Remedial Education. In the event that OsteoStrong returns to California, and  
4 commences the offer and/or sale of franchises, within forty-eight (48) months of the date of return,  
5 OsteoStrong agrees that the following class of persons are required to and will attend remedial  
6 education in each of their respective businesses: (1) All persons with direct management  
7 responsibility relating to the sale of franchises; (2) All persons who assist in preparing franchise  
8 materials (excluding outside lawyers and accountants); and (3) The person who certifies the  
9 accuracy of any OsteoStrong franchise disclosure document. Each of these people shall complete at  
10 least six (6) hours of continuing education offered by a Commissioner approved franchise attorney  
11 within one (1) year of commencing offers and/or sales of franchises in California. OsteoStrong shall  
12 file proof of compliance, a certificate of completion with a sworn affidavit that each required party  
13 completed the remedial education from the approved training provider to the Commissioner upon  
14 completion of the required remedial education. The affidavit shall be sent to the attention of: Ms.  
15 Marisa I. Urteaga-Watkins, Senior Counsel, at marisa.urteaga-watkins@dfpi.ca.gov.

16       6.     Independent Monitor. In the event that OsteoStrong returns to California and  
17 commences the offer and/or sale of franchises, within six (6) months of commencing said offers  
18 and/or sales, OsteoStrong will contract with an independent monitor who has no familial, financial,  
19 or professional affiliation with OsteoStrong and who is a licensed California attorney with specialty  
20 experience in franchise law, to consult with OsteoStrong on its compliance with the FIL for the next  
21 three (3) years from the date OsteoStrong begins offering and/or selling franchises in California.  
22 The monitor shall be approved by the Department and must submit annual reports regarding  
23 OsteoStrong offer and sales actions to the Department. Proof of compliance shall be sent to the  
24 Department of Financial Protection and Innovation, Ms. Marisa I. Urteaga-Watkins, Senior Counsel,  
25 at marisa.urteaga-watkins@dfpi.ca.gov.

26       7.     Waiver of Hearing Rights. OsteoStrong acknowledges that the Commissioner is  
27 ready, willing, and able to proceed with the filing of an administrative enforcement action on the  
28 charges contained in this Consent Order. OsteoStrong hereby waives the right to any hearings, and

1 to any reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL,  
2 the Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any other provision  
3 of law. OsteoStrong further expressly waives any requirement for the filing of any accusation  
4 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,  
5 OsteoStrong effectively consents to this Consent Order and all of its terms becoming final.

6 8. Failure to Comply with Consent Order. OsteoStrong agrees that if it fails to comply  
7 with the Desist and Refrain Order in this Consent Order, the Commissioner may, in addition to all  
8 other available remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL  
9 registration (if applicable). OsteoStrong stipulates to the finality of any such FIL registration  
10 suspensions, revocations, or denials that the Commissioner may order. OsteoStrong waives any  
11 notice and hearing rights to contest such summary suspensions, revocations, or denials which may  
12 be afforded under the FIL, the APA, the CCP, or any other provision of law in connection therewith.

13 9. Information Willfully Withheld or Misrepresented. This Consent Order may be  
14 revoked, and the Commissioner may pursue any and all remedies available under law against  
15 OsteoStrong, if the Commissioner discovers that OsteoStrong knowingly or willfully withheld or  
16 misrepresented information used for and relied upon in this Consent Order.

17 10. Future Actions by Commissioner. If OsteoStrong fails to comply with any terms of  
18 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
19 resolved by this Consent Order. The Commissioner reserves the right to bring any future actions  
20 against OsteoStrong, or any of its partners, owners, officers, shareholders, directors, employees, or  
21 successors for any and all unknown violations of the FIL or any other law under the Commissioner's  
22 jurisdiction.

23 11. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
24 ability to assist any other government agency (whether city, county, state, or federal) with any  
25 administrative, civil, or criminal action brought by that agency against OsteoStrong, or any other  
26 person based upon any of the activities alleged in this matter or otherwise.

1           12.    Headings. The headings to the paragraphs of this Consent Order are inserted for  
2 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
3 the provisions hereof.

4           13.    Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
5 interest.

6           14.    Reliance. Each of the Parties represents, warrants, and agrees that in executing this  
7 Consent Order, it has relied solely on the statements set forth herein and the advice of its own  
8 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent  
9 Order, it has placed no reliance on any statement, representation, or promise of any other party, or  
10 any other person or entity not expressly set forth herein, or upon the failure of any party or any  
11 other person or entity to make any statement, representation, or disclosure of anything whatsoever.  
12 The Parties have included this clause: (1) to preclude any claim that any party was in any way  
13 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol  
14 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

15           15.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
16 of this Consent Order will be valid or binding unless it is in writing and signed by each of the  
17 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any  
18 other provision. No waiver by either Party of any breach of, or of compliance with, any condition  
19 or provision of this Consent Order by the other Party will be considered a waiver of any other  
20 condition or provision or of the same condition or provision at another time.

21           16.    Full Integration. This Consent Order is the final written expression and the complete  
22 and exclusive statement of all the agreements, conditions, promises, representations, and covenant  
23 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
24 contemporaneous agreements, negotiations, representations, understandings, and discussions  
25 between and among the Parties, their respective representatives, and any other person or entity with  
26 respect to the subject matter covered hereby.

27           17.    Governing Law. This Consent Order will be governed by and construed in  
28 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such

1 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
2 inconvenient forum to the maintenance of such action or proceeding in such court.

3 18. Counterparts. This Consent Order may be executed in one or more separate  
4 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
5 together constitute a single document.

6 19. Effect Upon Future Proceedings. If OsteoStrong applies for any license, registration,  
7 permit, or qualification under the Commissioner's current or future jurisdiction, or is the subject of  
8 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof  
9 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

10 20. Voluntary Agreement. OsteoStrong enters into this Consent Order voluntarily and  
11 without coercion and acknowledges that no promises, threats, or assurances have been made by the  
12 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each  
13 represent and acknowledge that he, she, or it is executing this Consent Order completely voluntarily  
14 and without any duress or undue influence of any kind from any source.

15 21. Notice. Any notice required under this Consent Order shall be provided to each  
16 party at the following addresses:

17  
18 To OsteoStrong Franchising: Matt Zagrodzky, Esq.  
19 8524 Highway 6 North, Suite 310  
20 Houston, Texas 77095  
legal@osteostrongfranchising.com

21 To the Commissioner: Marisa I. Urteaga-Watkins, Esq.,  
22 Department of Financial Protection and Innovation  
23 651 Bannon Street, Suite 300  
Sacramento, California 95811  
marisa.urteaga-watkins@dfpi.ca.gov

24 22. Signatures. A fax, scanned, or electronic signature shall be deemed the same as an  
25 original signature.

26 23. Public Record. OsteoStrong hereby acknowledges that this Consent Order is and  
27 will be a matter of public record.  
28



24. Effective Date. This Consent Order shall become final and effective when signed by all Parties and delivered by the Commissioner’s agent via e-mail to OsteoStrong’s agent, Matt Zagrodzky, Esq., at legal@osteostrongfranchising.com.

25. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: 7/14/2025

KHALIL MOHSENI  
Commissioner of Financial Protection  
and Innovation

By: \_\_\_\_\_  
COLLEEN MONAHAN  
Deputy Commissioner

Dated: 7/11/2025

OSTEOSTRONG FRANCHISING, Inc.  
aka OSTEOSTRONG FRANCHISING, LLC

By: \_\_\_\_\_  
KYLE ZAGRODZKY  
Chief Executive Officer