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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Manmohan (Mo) Singh Biring, M.D.
HealthWest, Inc.
1999 Avenue of the Stars, Ste. 1000
Century City, CA 90067

File No. 993-5066

ORDER DENYING EFFECTIVENESS
OF FRANCHISE REGISTRATION APPLICATION
(Corporations Code section 31115)

The application for registration of the offer and sale of franchises filed by HealthWest, Inc. on December 2, 2004 is hereby denied until further order of the California Corporations Commissioner.

Dated: February 7, 2005
Los Angeles, California

WILLIAM P. WOOD
California Corporations Commissioner

By: _____
ALAN WEINGER
Supervising Counsel
Enforcement and Legal Services

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Manmohan (Mo) Singh Biring, M.D. File No. 993-5066
HealthWest, Inc.
1999 Avenue of the Stars, Ste. 1000
Century City, CA 90067

STATEMENT IN SUPPORT OF ORDER DENYING
EFFECTIVENESS OF FRANCHISE REGISTRATION APPLICATION
(Corporations Code section 31117)

The California Corporations Commissioner finds that:

- 1. HealthWest, Inc. is a California corporation that was formed on October 15, 2002. On August 13, 2003, the date of its initial application for registration to offer to sell franchises, the principal place of business of HealthWest, Inc. was 9025 Wilshire Blvd., Suite 400, Beverly Hills, California 90211, and it is now 1999 Avenue of The Stars, Ste. 1000, Century City, CA 90067.
- 2. Manmohan (Mo) Singh Biring, M.D. is the founder and chairman of HealthWest, Inc. He is also its majority, if not sole, shareholder.
- 3. On August 13, 2003, HealthWest, Inc. filed with the Department of Corporations of the State of California pursuant to Corporations Code section 31111, its initial application for registration of an offer to sell franchises for Inaara Medspa units. On July 7, 2004 the Department of Corporations denied that application and issued an Order Denying Effectiveness of Franchise

1 Registration and Statement in Support thereof. On July 20, 2004, the Department of Corporations
2 issued a Desist and Refrain Order for the unregistered offer and sale of franchises by means of untrue
3 statements and omissions of material facts. The July 7, 2004 Order Denying Effectiveness of
4 Franchise Registration and Statement in Support thereof and the July 20, 2004 Desist and Refrain
5 Order were not contested and remain in effect, and they are incorporated and made a part of this
6 instant Statement in Support of Order Denying Effectiveness of Franchise Registration Application.

7 4. The July 7, 2004 Order Denying Effectiveness of Franchise Registration and Statement in
8 Support thereof was based in part on the following: the offer and sale of franchises for the operation
9 of medspas, that includes laser hair removal, Intense Pulse Light treatments, Botox treatments and
10 microdermabrasions, constitutes medical services and requires the owner to have a certificate to
11 practice medicine pursuant to Business and Professions Code section 2052; HealthWest offered and
12 sold franchises, that it alleges were “licenses”, to California residents without having registered the
13 franchise offer as required by Corporations Code section 31110; and HealthWest, Inc. had violated its
14 contractual obligations to its franchisees or purported licensees by offering or selling franchises or
15 purported licenses upon terms which violated the exclusive territory rights of its prior franchisees and
16 purported licensees. The July 20, 2004 Desist and Refrain Order concluded that HealthWest Inc. had
17 made untrue statements of material fact and which omitted to state material facts and prohibited any
18 further offers or sales of unregistered franchises.

19 5. On December 2, 2004 HealthWest, Inc. filed a second application with the Department of
20 Corporations pursuant to Corporations Code section 31111 for the registration of an offer to sell
21 franchises of Inaara Medspas offering medical services including laser hair removal, Intense Pulse
22 Light treatments, Botox treatments and microdermabrasions. Whereas the August 13, 2003
23 application sought registration to sell such Inaara Medspas to members of the public who were non-
24 physicians, the second application is more limited and states that “in California, an Inaara Medspa
25 franchise will be offered or sold only to physicians licensed by the State of California”.

26 6. In the instant application HealthWest Inc. has failed to disclose and concealed from the
27 Department of Corporations that in 2004, after the Department’s prior Orders, the following material
28 matters occurred: at least four civil actions were filed by franchisees or prospective franchisees (or

1 purported “licensees”) against HealthWest, Inc., some of which allege fraud and misrepresentation;
2 final default judgments in a monetary amount exceeding \$25,000 were entered against HealthWest
3 Inc. in two of those civil actions and as of the date of this Order and Statement HealthWest Inc. has
4 refused to even partially satisfy those monetary judgments; Requests for Entry of Default were filed
5 in the other two known civil actions (both filed in California) after HealthWest Inc. failed to appear
6 or defend itself; and after failing to refund a \$25,000 deposit pursuant to the terms of the deposit
7 agreement with a prospective California franchisee, HealthWest Inc. agreed to make installment
8 payments of \$5,000 but then, after the first installment payment was made and the second installment
9 check was bounced by the bank a number of times before it was finally deposited in around October
10 of 2004, HealthWest failed to make any further payment.

11
12 Based upon the foregoing findings, the California Corporations Commissioner is of the
13 opinion that HealthWest, Inc. has offered and sold franchises in California that were subject to
14 registration under the Franchise Investment Law without the offers first being registered, in violation
15 of Corporations Code section 31110. The California Corporations Commissioner is of the further
16 opinion that HealthWest, Inc. has falsely represented to franchisees and purported licensees that
17 persons without medical background can legally own a medspa offering medical services including
18 laser hair removal, Intense Pulse Light treatments, Botox treatments and microdermabrasions when in
19 fact ownership of such a medspa by a person who lacks a medical license is a violation of the
20 Medical Practice Act. The California Corporations Commissioner continues to be of the opinion that
21 HealthWest, Inc. has repeatedly violated its contractual obligations to its franchisees and purported
22 licensees by offering or selling franchises or purported licenses upon terms which violated the
23 exclusive territory rights of its prior franchisees and purported licensees. The California
24 Corporations Commissioner is of the further opinion that HealthWest, Inc. has in the past and
25 continues to make false representations and to conceal material facts to the Department of
26 Corporations and to franchisees (or purported “licensees”) and prospective franchisees.

1 For these reasons, the California Corporations Commissioner has determined that an order
2 should be issued pursuant to Corporations Code section 31115(a) and (b) to deny the effectiveness of
3 the franchise registration application of HealthWest, Inc. on the ground that there has been a failure
4 to comply with sections 31110, 31200 and 31114 of the California Corporations Code and Title 10,
5 sections 310.111 and 310.114.1 of the California Code of Regulations and on the further ground that
6 the offer or sale of Inaara Medspa franchises in California would constitute misrepresentation, deceit
7 and fraud of the purchasers.

8
9 Dated: February 7, 2005
10 Los Angeles, California

11 WILLIAM P. WOOD
12 California Corporations Commissioner

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14 By: _____
15 Edward Kelly Shinnick
16 Corporations Counsel
17 Enforcement and Legal Services
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