

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 MARLOU de LUNA (State Bar No. 162259)
Senior Counsel
4 Department of Business Oversight
5 320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
6 Telephone: (213) 576-7606
7 Facsimile: (213) 576-7181
8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) FIL ORG ID: 180261
13)
14 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CITATION INCLUDING DESIST AND
15) REFRAIN ORDER
16 Complainant,)
17 v.)
18 FITNESS EVOLUTION FRANCHISING, LLC;)
CHRISTOPHER MADDOX,)
19)
20 Respondents.)
21

22 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), finds the
23 following:

24 **I.**

25 **Introduction**

26 1. Fitness Evolution Franchising, LLC (Fitness Evolution) is a Delaware corporation
27 with its principal place of business at 2144 Industrial Parkway, Silver Spring, Maryland, 20904.
28

1 Fitness Evolution is in the business of establishing and operating fitness centers. The company
2 maintains a website at www.fitnessrevolution.com.

3 2. At all relevant times, Christopher Maddox (Maddox) is the co-founder and chief
4 executive officer of Fitness Evolution.

5 3. The Commissioner as the chief officer of the Department of Business Oversight
6 (Department) is responsible for administering and enforcing the California Franchise Investment Law
7 (Corporations Code § 31000 et seq.).

8 **II.**

9 **Statement of Facts**

10 4. Since at least October 19, 2015, Fitness Evolution and Maddox (collectively,
11 Respondents) have offered and sold franchises in California pursuant to franchise agreements. The
12 agreements grant the right to engage in the business of establishing and operating fitness center under
13 the Fitness Evolution trademarks, service marks, advertising and other commercial symbols. Fitness
14 Evolution’s Franchise Disclosure Document (FDD) states that “Fitness Evolution Franchising, LLC
15 offers franchises for businesses that will establish and operate fitness centers.” Fitness Evolution’s
16 initial registration with the Commissioner to offer and sell franchises in California became effective
17 on October 19, 2015.

18 5. On June 3, 2016, Respondents filed Fitness Evolution’s franchise renewal application
19 (2016 Registration). The 2016 Registration was approved and valid until April 20, 2017. However, in
20 light of a civil complaint filed against Respondents, as described below, Fitness Evolution was
21 required to file a Post-Effective Amendment Application, but Respondents failed to do so in violation
22 of Corporations Code section 31123.

23 6. On January 17, 2017, a complaint was filed against, among others, Respondents in the
24 Superior Court of the State of California for the County of Stanislaus, Case No. 2023304 (January
25 2017 Complaint). The January 2017 Complaint included allegations of fraud in the offers and sales of
26 license agreements between the plaintiffs and Respondents.

27 ///

1 All penalties collected under this section shall be deposited in the State
2 Corporations Fund.

3 (b) The sanctions authorized under this section shall be separate from,
4 and in addition to, all other administrative, civil, or criminal remedies.

5 (c) If within 60 days from the receipt of the citation, the person cited
6 fails to notify the commissioner that the person intends to request a
7 hearing as described in subdivision (d), the citation shall be deemed
8 final.

9 (d) Any hearing under this section shall be conducted in accordance
10 with Chapter 5 (commencing with Section 11500) of Part 1 of Division
11 3 of Title 2 of the Government Code.

12 (e) After the exhaustion of the review procedures provided for in this
13 section, the commissioner may apply to the appropriate superior court
14 for a judgment in the amount of the administrative penalty and order
15 compelling the cited person to comply with the order of the
16 commissioner. The application shall include a certified copy of the
17 final order of the commissioner and shall constitute a sufficient
18 showing to warrant the issuance of the judgment and order.

19 11. Based upon the foregoing findings, the Commissioner is of the opinion that Fitness
20 Evolution Franchising, LLC and Christopher Maddox failed to file a Post-Effective Amendment
21 Application to disclose the January 2017 Complaint, in violation of Corporations Code section
22 31123. In addition, Fitness Evolution Franchising, LLC and Christopher Maddox failed to disclose
23 the January 2017 Complaint in its 2017 Registration, in violation of Corporations Code section
24 31200. Fitness Evolution Franchising, LLC and Christopher Maddox also failed to disclose the
25 January 2017 Complaint in its FDD that was submitted with its 2017 Registration, in violation of
26 Corporations Code section 31200. Pursuant to Corporations Code section 31406, Fitness Evolution
27 Franchising, LLC and Christopher Maddox are hereby cited and ordered to desist and refrain from
28 violating Corporations Code sections 31200 and 31123.

12. This order is necessary, in the public interest, for the protection of franchisees and
consistent with the purposes, policies and provisions of the Franchise Investment Law.

///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IV

Administrative Penalties

13. In light of the foregoing findings, under Corporations Code section 31406, Fitness Evolution Franchising, LLC and Christopher Maddox are hereby ordered to pay the Commissioner an administrative penalty in the amount of \$2,500.00 for one violation of Corporations Code section 31123 and an administrative penalty in the amount of \$2,500.00 for one violation of Corporations Code section 31200, for a total of \$5,000.00.

14. The administrative penalties in the amount stated above shall be made payable in the form of a cashier’s check or Automated Clearing House deposit to the “Department of Business Oversight,” and transmitted to the attention of Accounting – Enforcement Division, Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California, 95814. Notice of the payment shall be concurrently sent to Marlou de Luna, Senior Counsel, Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90013, no later than 30 days from the date of this order.

Dated: September 10, 2019

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division