

BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

**Lifestyle Media Solutions, LLC,**

Respondent.

Case No. 2020-0003

\* \* \* \* \*

**CONSENT ORDER**

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an investigation into the franchise-related activities of Lifestyle Media Solutions, LLC (“Lifestyle”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. §§14-201 et seq. (2015 Repl. Vol. and Supp. 2019) (the “Maryland Franchise Law”); and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Securities Commissioner”) has concluded that grounds exist to allege that Lifestyle violated provisions of the Maryland Franchise Law in relation to granting license agreements for Lifestyle Publications publishing businesses; and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Lifestyle admitting or denying any violation of law, the Securities Commissioner and Lifestyle have reached an agreement to enter into this Consent Order; and

WHEREAS, Lifestyle waives its rights to a hearing and any rights to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, it is hereby agreed, and the Securities Commissioner hereby orders:

### I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 14-210 (a) of the Maryland Franchise Law.

### II. FINDINGS OF FACT

2. Lifestyle is a Kansas limited liability company with a principal business address of 514 W 26<sup>th</sup> Street, Kansas City, Missouri 64108.

3. Lifestyle is a publishing company that publishes community magazines throughout the U.S. and licenses to licensees the right to publish Lifestyle magazines in target markets.

4. Lifestyle licensees obtain advertisers and secure orders for Lifestyle magazines. In return, Lifestyle pays a commission to its licensees to offer Lifestyle's services to residential communities and to sell advertising for placement in Lifestyle's publications.

5. Lifestyle licensees pay initial start-up fees to Lifestyle in varying amounts for training, materials, and support.

6. On its website, Lifestyle has or had representations of the earnings and profits that publishers could expect to earn. Among those earnings representations is a video from a licensee stating that he has closed upward of \$3 Million of business during the last four years, and a chart reflecting potential monthly profits per magazine of between \$4,380 for Issue 1 to \$36,860 for Issue 24.

7. A Lifestyle representative has posted information online that Lifestyle publishers can earn an annual income of between \$82,000 and \$720,000.

8. On January 10, 2020 the Securities Division notified Lifestyle that it had received information that Lifestyle may have offered and sold franchises in Maryland in violation of the registration and disclosure provisions of the Maryland Franchise Law.

9. In response to the Securities Division's letter, Lifestyle acknowledged that it had entered into six license agreements with Maryland residents.

10. Specifically, Lifestyle acknowledged that between 2017 and 2020, Lifestyle entered into license agreements with Maryland residents to publish magazines in and for Columbia, Frederick, Potomac, Bowie, Towson, and Frederick, Maryland, respectively (collectively "Maryland Licensees").

11. Maryland Licensees paid Lifestyle startup costs of between \$0 and \$4,000.

12. The Maryland Licensees for Columbia, Frederick, and Potomac ("Open Maryland Licensees") are currently operating their Lifestyle publishing business as of the date of this Consent Order. The Maryland Licensees for Bowie and Towson ("Closed Maryland Licensees") have closed their Lifestyle publishing businesses. The Maryland Licensee for Frederick sold her Lifestyle publishing business for more than she paid for it under her Lifestyle license agreement, and she did not pay any transfer fees to Lifestyle in relation to that sale.

13. Lifestyle has never registered with the Securities Division to offer franchises under the Maryland Franchise Law.

14. Lifestyle acknowledges that it did not provide to any Maryland Licensees copies of Franchise Disclosure Documents ("FDDs") and did not provide to prospective licensees substantiation of the earnings representations that Lifestyle included on its website or that a

Lifestyle representative posted online.

15. Lifestyle represents that, other than the agreements it entered into with the Maryland Licensees, from January 1, 2017 to the date of this Consent Order, Lifestyle has not entered into any license agreements with any Maryland residents or with any other residents granting them the right to operate a Lifestyle publishing business to be located in whole or in part in Maryland.

16. Lifestyle represents that it has engaged an attorney experienced with franchise law to provide training to Lifestyle officers and sales personnel to ensure that, in the future, Lifestyle will comply with the requirements under the Maryland Franchise Law.

17. Lifestyle also represents that it is in the process of preparing a Franchise Disclosure Document and intends to register a franchise registration application with the Securities Division as soon as possible.

18. Lifestyle further represents and agrees that, in the future, it will comply with all provisions under the Maryland Franchise Law.

### III. CONCLUSIONS OF LAW

19. By engaging in the above activities, the Commissioner has concluded that Lifestyle violated §§14-214, 14-216, 14-223, and 14-229 of the Maryland Franchise Law and Maryland Franchise Regulation (COMAR) 02.02.08.16D.

### IV. ORDER AND CONSENT

20. THE COMMISSIONER HEREBY ORDERS AND LIFESTYLE HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Lifestyle shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, Lifestyle shall send by Federal Express to the Closed

Maryland Licensees a copy of the executed Consent Order and a check in the amount of the start-up fees each Closed Maryland Licensee paid to Lifestyle in relation to their Lifestyle license agreement;

- C. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, Lifestyle shall send to each of the Open Maryland Licensees the following: (i) a copy of the executed Consent Order; and (ii) a letter, in substantially the form attached to this Consent Order as Exhibit 1, informing the Open Maryland Licensee that he or she is being offered an opportunity to rescind his or her Lifestyle license agreement immediately under the terms of this Consent Order;
- D. Lifestyle shall promptly file and diligently pursue an application to register the Lifestyle franchise offering under the Maryland Franchise Law. For purposes of this Agreement, “diligently pursue” means that an applicant submits a substantive response to each Securities Division comment letter regarding a registration application no later than 30 days after the applicant’s receipt of that comment letter;
- E. Upon notification by the Securities Division that Lifestyle’s franchise offering has been registered for use in Maryland, Lifestyle shall send to any Open Maryland Licensee who had not previously rescinded his or her Lifestyle license agreement in response to the Notice of Rescission Rights the following: (i) a copy of Lifestyle’s applicable, effectively registered Maryland FDD; and (ii) a letter, in substantially the form attached to this letter as Exhibit 2, notifying that Open Maryland Licensee that he or she is being given a second opportunity to rescind his or her Lifestyle license agreement under the terms stated in that letter;
- F. The Securities Commissioner has determined that Lifestyle’s offer of a franchise for the limited purposes described in this Consent Order is exempt from the registration provisions of the Maryland Franchise Law;
- G. Lifestyle shall pay the Office of the Attorney General the sum of Two Thousand (\$2,000.00) as a civil monetary penalty;
- H. Lifestyle acknowledges that this Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

#### V. JURISDICTION RETAINED

21. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent

Order.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

22. If Lifestyle fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against it to enforce this Consent Order or to sanction it for violating an order of the Securities Commissioner, and may take any other action authorized under the Maryland Franchise Law or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or a court finds that Lifestyle has violated this Consent Order, the Statement of Facts and the violations of the Maryland Franchise Law alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against it.

VII. MODIFICATION OF CONSENT ORDER

23. The terms of this Consent Order may be modified only by a subsequent order issued by the Securities Commissioner.

**SO ORDERED:**

Commissioner's Signature on File  
w/Original Documents

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MELANIE SENTER LUBIN  
SECURITIES COMMISSIONER

**DATE OF THIS ORDER:**

March 31, 2020

**BY CONSENT:**

Lifestyle Media Solutions, LLC

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By: DeLand Shore, CFO

FORM  
(On Company Letterhead)

Certified Mail  
Return Receipt Requested

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Re: Notice of Rescission Rights**

Dear \_\_\_\_\_:

In accordance with discussions our attorneys have had with the Division of Securities of the Maryland Attorney General's Office (the "Securities Division"), [Insert Name of Company] ("we") have agreed to offer rescission to any Maryland residents to whom we sold licenses. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind your license agreement, we agree to return to you the start-up fees you paid us and terminate your license agreement. You will give up any rights to use our trademarks, and you may not use or disclose any of our trade secrets and any of our confidential and proprietary information. If you rescind, we will make payments to you within thirty (30) days after we receive your Acceptance of Offer to Rescind.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period.

If you do not rescind your license agreement now, you will be given a second opportunity to rescind your license agreement, after we have completed the franchise registration process. When that registration is complete, we will send you a copy of a registered Franchise Disclosure Document and a new letter offering to rescind your license agreement under the same terms outlined in this letter.

If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

\_\_\_\_\_  
[The Company]

**Exhibit 1**

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND LICENSE AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Rescission Rights and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document or my right to accept a subsequent rescission offer at a later time.

**CHECK ONE**

\_\_\_\_\_ I hereby **accept** your offer of rescission and agree to not use your trademarks and to not use or disclose to anyone the trade secrets and confidential and proprietary information that we obtained from you.

\_\_\_\_\_ **I do not wish to accept your offer of rescission at this time.** I understand that I will be given a second opportunity to rescind my license agreement once the franchisor has effectively registered its franchise offering with the Securities Division under the Maryland Franchise Law.

Date: \_\_\_\_\_

\_\_\_\_\_  
Licensee



FORM  
(On Company Letterhead)

Certified Mail  
Return Receipt Requested

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re:   **[Company] Offer to Rescind License Agreement**

Dear \_\_\_\_\_:

As you recall, [Insert Name of Company] ("we") have agreed to offer rescission to any Maryland residents who entered into license agreements with us. You previously received a "Notice of Rescission Rights" from us offering to rescind your license agreement immediately. Now that we have completed the registration of our franchise offering, we are giving you this second opportunity to rescind your license agreement. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind your license agreement, we agree to return to you the start-up fees you paid us and terminate your license agreement. You will give up any rights to use our trademarks, and you may not use or disclose any of our trade secrets and any of our confidential and proprietary information. If you rescind, we will make payments to you within thirty (30) days after we receive your Acceptance of Offer to Rescind.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period.

If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

\_\_\_\_\_  
[The Company]

cc: Franchise Disclosure Document

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND LICENSE AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind License Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my license agreement:

**CHECK ONE**

\_\_\_\_\_ I hereby **accept** your offer of rescission and agree to not use your trademarks, patents, and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

\_\_\_\_\_ I do **not accept** your offer of rescission. I wish to remain a licensee under my license agreement.

Date: \_\_\_\_\_

\_\_\_\_\_  
Licensee