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STATE OF CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY 3 **DEPARTMENT OF CORPORATIONS** 4 5 TO: Jill Dailey McIntosh, President The Dailey Method, LLC 6 **11 First Street** Corte Madera, CA 94925 7 **DESIST AND REFRAIN ORDER** 10 (For violations of section 31110 of the Corporations Code) The California Corporations Commissioner finds that: 12 13 1. The Dailey Method, LLC ("The Dailey Method") is a California limited liability 14 company, that was formed on December 20, 2004. Its principal place of business is 11 First Street, 15 Corte Madera, CA 94925. Jill Dailey McIntosh is the President of The Dailey Method. The 16 company maintains a website at www.thedaileymethod.com. 17 2. Beginning in 2005, The Dailey Method offered and sold franchises, pursuant to 18 "License Agreements", in the state of California. The "licenses" offered and sold by The Dailey 19 Method are franchises within the meaning of California Corporations Code section 31005. The 20 "license agreement" grants the franchisee the right to engage in the business of offering and selling services, specifically the ownership and operation of an exercise studio providing an exercise 22 program called "The Dailey Method", pursuant to a prescribed marketing plan and system, including 23 but not limited to designated proprietary exercises; instructional manuals; training sessions; business 24 and marketing consultations; a right on the part of The Dailey Method to inspect the exercises and 25 studio for adherence to "licensed materials"; a right on the part of the franchisee to use The Dailey 26 Method templates for advertising, business cards, and exterior signage; and a right to exclusive 27 franchise territories. The "licenses" are substantially associated with the trade name "The Dailey 28 Method". In addition, in order to enter into the business, the franchisee is required to pay The

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Dailey Method a franchise fee of approximately \$12, 500 and royalty payments of 3 to 4 percent of
the franchisee's gross revenues.

3. The offer and sale of franchises by The Dailey Method in California has not been registered under the Franchise Investment Law and are not exempted under Chapter 1 of that law, beginning with Corporations Code section 31100.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that The Dailey Method, LLC has offered and sold franchises in California that were subject to registration under the Franchise Investment Law without the offers and sales first being registered, in violation of Corporations Code section 31110. Pursuant to section 31402 of the Corporations Code, The Dailey Method, LLC, is hereby ordered to desist and refrain from the further offer or sale of exercise studio franchises unless and until the offers have been duly registered under the Franchise Investment Law or are exempt.

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

Dated: August 5, 2009 Los Angeles, California

> PRESTON DuFAUCHARD California Corporations Commissioner

By_____ ALAN S. WEINGER Deputy Commissioner Enforcement Division

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