



80 South Eighth Street
3100 IDS Center
Minneapolis, MN 55402
Main: 612.632.3000

Lathrop GPM LLP
lathropgpm.com

Liz Dillon
Attorney
Liz.Dillon@lathropGPM.com
612.632.3284

April 29, 2024

Ms. Rebecca Brubaker
Commerce Analyst 1
Minnesota Department of Commerce
85 – 7th Place East, Suite 280
St. Paul, MN 55101-2198

VIA ELECTRONIC FILING

Re: Response to Comment Letter for:
Elements Therapeutic Massage, LLC (the “Franchisor”)
File No. 5517

Dear Ms. Brubaker:

I am in receipt of your comment letter dated April 16, 2024. The Franchisor has elected to defer payment of initial franchise fees until business opens. In response to your second comment, attached are revised franchise seller forms. We have made the requested changes and have submitted the changed pages electronically.

If you have any questions or comments, please feel free to contact me.

Very truly yours,

A handwritten signature in blue ink that reads "Elizabeth S. Dillon". The signature is written in a cursive, flowing style.

Elizabeth S. Dillon

ESD/mdr
Enclosure

63545866v1

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. The following is added to the Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Specifically, we cannot require you to consent to us obtaining injunctive relief; however, we may seek such relief through the court system.

Minn Rule 2860 4400J prohibits us from, requiring you to assent to a general release. To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn Stat §604 113 sets a cap of \$30 on fees to be paid to us if any check, draft, electronic or otherwise, is returned for insufficient funds.

Item 5:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio..

2. The following paragraph is added to the Disclosure Document:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

The following information is added to the cover page of the Franchise Disclosure Document.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Elements Massage® Studio that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 1.A. (“Grant and Term of Franchise”) and Section 14.B. (“Termination by Us”) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

3. **INITIAL FEE.** The following is added to the end of Section 3.A. (“Initial Franchise Fee”) of the Franchise Agreement:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

4. **3-RELEASES.** The following is added to the end of Section 12.C.(3) (“Conditions for Approval of Transfer”), Section 12.D. (“Transfer to a Wholly Owned Entity”), Section 13.A.(5) (“Your Right to Acquire a Successor Franchise”), and Section 15.E. (“Our Right to Purchase Your Studio”) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **4-MARKS.** The following sentence is added to the end of Section 5.E. (“Indemnification for Use of Marks”) of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

6. **5-LIQUIDATED DAMAGES.** The following language is added to the end of Section 15.B. of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable

under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

7. ~~6.~~ **GOVERNING LAW**. The following statement is added at the end of Section 17.G. of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. ~~7.~~ **CONSENT TO JURISDICTION**. The following language is added to the end of Section 17.H. of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. ~~8.~~ **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 17.I. ("Waiver of Punitive Damages and Jury Trial") of the Franchise Agreement is deleted.

10. ~~9.~~ **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following is added to the end of Section 17.L. of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

11. ~~10.~~ **INJUNCTIVE RELIEF**. Section 17.J. of the Franchise Agreement is deleted in its entirety and modified as follows:

Nothing in this Agreement, including the provisions of Section 17.F., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

12. ~~11.~~ **REMEDIES OF PARTIES ARE CUMULATIVE**. The following language is added to the end of Section 17.E. of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400(J). However, we and you agree to enforce the provision to the extent the law allows.

13. ~~12.~~ **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.**
The following paragraph is added to the end of the Franchise Agreement:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

**RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [ADDRESS] (“Developer,” “you” or “your”) .

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated _____ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota.

2. **DEVELOPMENT FEE.** The following is added to the end of Section 3 of the Area Development Agreement:

We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio..

3. ~~2.~~ **TERMINATION OF AGREEMENT.** The following is added to the end of Section 7.A of the Area Development Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. ~~3.~~ **RELEASES.** The following is added to the end of Section 6.B(6) (“Transfer By You”) of the Area Development Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. ~~4.~~ **GOVERNING LAW.** The following statement is added at the end of Section 9.B of the Area Development Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. ~~5.~~ **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 9.C of the Area Development Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of