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UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Concurring Statement of Chairman Andrew N. Ferguson
Xponential
Matter No. 2423026

March 18, 2026

The Commission has again won big on behalf of workers—securing the most consumer redress in the agency’s history for an alleged Franchise Rule violation—\$17 million.¹ Everyone involved in securing this outcome, in particular, the Commission’s staff, deserves the highest commendations for this result. And American workers should take comfort in the fact that, on my watch, the Commission will continue “[p]rotecting [them as] consumers” *and* “in their roles as workers.”²

Today, the Commission filed a complaint³ and consent agreement in the United States District Court for the Central District of California to settle the Commission’s claims that Xponential⁴ violated Section 5 of the Federal Trade Commission Act⁵ and the Franchise Rule, 16 C.F.R. Part 436. The Commission alleges that Xponential sold to consumers (prospective franchisees) the business opportunity to open franchise fitness studios throughout the country, including some of the largest fitness-studio brands in the United States such as Club Pilates, Stretch Lab, BFT, Yoga Six, and Pure Barre.⁶ In compliance with the Franchise Rule, Xponential provided prospective franchisees with Franchise Disclosure Documents (FDDs) that, by law, “must provide 23 items of material information”⁷ prospective franchisees use to decide whether or not to spend their time and hard-earned money to pursue opening a franchise.

According to the Commission’s complaint, however, Xponential failed to live up to its legal obligations in two key ways. First, Xponential failed to furnish a copy of the FDD at least 14 calendar days before some prospective franchisees signed a binding agreement with Xponential in

¹ Order § III, *FTC v. Xponential Fitness, Inc.*, No. 8:26-CV-00610 (C.D. Cal. Mar. 18, 2026), Dkt. No. 3 (Order)

² Chairman Andrew N. Ferguson, Directive Regarding Labor Markets Task Force at 1 (Feb. 26, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/memorandum-chairman-ferguson-re-labor-task-force-2025-02-26.pdf.

³ Compl., *FTC v. Xponential Fitness, Inc.*, No. 8:26-CV-00610 (C.D. Cal. Mar. 18, 2026), Dkt. No. 1 (Compl.)

⁴ Xponential in this statement refers to all defendants: Xponential Fitness, Inc., a Delaware corporation with its principal place of business in Irvine, California, and ten affiliated entities. *Id.* ¶¶ 15–27 (listing as those ten entities-defendants Xponential Fitness, LLC, in which Xponential Fitness, Inc. has a controlling interest, XPOF Assetco, LLC, AKT Franchise, LLC, AKT Franchise SPV, LLC, Cyclebar Franchising, LLC, Cyclebar Franchising SPV, LLC, PB Franchising, LLC, PB Franchising SPV, LLC, Yoga Six Franchise, LLC, and Yoga Six Franchise SPV, LLC).

⁵ 15 U.S.C. § 45

⁶ Compl. ¶ 15.

⁷ *Id.* ¶ 5; 16 C.F.R. §§ 436.3, 436.5.



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connection with the proposed franchise sale.⁸ Second, in its FDDs, Xponential commonly misrepresented various material facts or omitted information required by the Franchise Rule.

As the Commission alleges in the complaint, the FDDs, for example, informed prospective franchisees that “the typical length of time to open a studio, including construction, remodeling, and all other tasks necessary to open the franchise, is six months.”⁹ In reality, as Xponential reported in its SEC filings, its franchisees usually require on average over twelve months to open studios,¹⁰ during which time they incur substantial costs such as rent, payroll expenses, and other costs.¹¹ For years, Xponential also failed to disclose in its FDDs anything about Anthony Geisler, Xponential’s founder who “had the authority to control, and has directed, the actions of [Xponential’s] officers and management.”¹² During his time as an officer and manager of Xponential, Geisler was held liable for fraudulent, unfair, or deceptive practices.¹³ Xponential also failed to disclose other numerous relevant legal actions involving it or its officers,¹⁴ as well the bankruptcy of Xponential’s former Vice President of Franchise Development.¹⁵ And although Xponential disclosed some former franchisees’ names and contact information, it omitted from FDDs the names of numerous franchisees with a studio¹⁶ that had been terminated, canceled, not renewed, or otherwise ceased to do business during the most recent fiscal year. All of this

⁸ Compl. ¶¶ 82–83.

⁹ *Id.* ¶¶ 43–44 (noting that Xponential in fact “required studios to open within six months” in its franchise agreements).

¹⁰ *Id.* ¶¶ 7, 46–47.

¹¹ *Id.* ¶ 48.

¹² *Id.* ¶ 50.

¹³ Compare *id.* ¶¶ 50–53 (explaining that Xponential removed Geisler from its FDDs in 2018, the same year that he was named as a third-party defendant in a case in which the defendants/third-party plaintiffs alleged he fraudulently induced them) with 16 C.F.R. § 436.5(b) (requiring that an FDD “[d]isclose by name and position the franchisor’s directors, trustees, general partners, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by this document”).

¹⁴ Compare Compl. ¶¶ 58–70 with 16 C.F.R. § 436.5(c) (requiring that an FDD “[d]isclose whether the franchisor ... [or] a parent or affiliate who induces franchise sales by promising to back the franchisor financially or otherwise guarantees the franchisor’s performance” is involved in certain types litigations or legal actions).

¹⁵ Compare Compl. ¶¶ 74–76 with 16 C.F.R. § 436.5(d) (requiring that an FDD “[d]isclose whether the franchisor [or] ... officer, or general partner of the franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this document, has, during the 10-year period immediately before the date of this disclosure document ... [f]iled as debtor (or had filed against it) a petition under the United States Bankruptcy Code (“Bankruptcy Code”)” and other relevant bankruptcy information).

¹⁶ Compare Compl. ¶¶ 78–80 with 16 C.F.R. § 436.5(t)(4) (requiring that an FDD “[d]isclose and the names of all current franchisees and the address and telephone number of each of their outlets”) and *id.* § 436.5(t)(5) (requiring that an FDD “[d]isclose the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year”).



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information would have been material to potential franchisees' decisions to ink a deal with Xponential.

Xponential's alleged violations are particularly egregious given the harsh terms of the franchise agreement. Xponential routinely included onerous noncompete clauses or covenants not to compete that prohibited franchisees from opening another fitness studio not associated with Xponential during that term and two years after the renewal, transfer, or termination of the franchise agreement.¹⁷ Xponential also "charge[d] a fee to franchisees who transfer[ed] a fitness studio to another franchisee, with [Xponential] collecting millions in transfer fees since 2020."¹⁸ "[I]f a franchisee were to leave the system upon learning [Xponential's] presale disclosures omitted or provided inaccurate information," they could not obtain a refund of "the hefty initial franchise fee."¹⁹

Xponential's alleged conduct thus left franchisees stuck owing "hundreds of thousands of dollars in addition to the initial franchise fee" if they attempted to leave the business relationship with Xponential.²⁰ For that reason, the consent agreement filed by the Commission forbids Xponential from engaging in the illicit business practices underlying the complaint's allegations. The agreement prohibits Xponential, in connection with promoting or offering for sale any franchise or any good or service to a franchisee or prospective franchisee, from misrepresenting, either expressly or impliedly, any material fact.²¹ It also requires Xponential to comply with the Franchise Rule.²² And it imposes a \$17 million monetary judgment which the Commission will distribute to franchisees injured by Xponential's alleged misconduct.²³

Today's order is not a part of a crusade against the franchise industry. The franchise model is a hugely important part of the American economy. It generated more than \$900 billion of economic activity in 2025 alone.²⁴ Franchises employ nearly nine million people.²⁵ And the franchise model provides opportunities for many millions of Americans to pull themselves up by their bootstraps and improve their families' lots in life. It is precisely because the franchise model is so important to American workers that the Commission must protect honesty and fair dealing in

¹⁷ Compl. ¶ 36.

¹⁸ *Ibid.*

¹⁹ *Ibid.*

²⁰ *Id.* ¶ 34.

²¹ Order § I.

²² *Id.* § II.

²³ *Id.* §§ III–V.

²⁴ Franchising Economic Outlook, Int'l Franchise Ass'n at v (2025), <https://www.franchisemybusinessnow.com/wp-content/uploads/2025/04/2025-Franchising-Economic-Outlook.pdf>.

²⁵ *Id.* at i.



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the franchise industry. Honesty and fair dealing will improve the lot of American workers and strengthen the franchise model, to the benefit of all.

As I have recognized, “for most workers—from nurses to plumbers to lawyers to servers—the ability to command a reasonable wage on the labor market is an individual’s single most valuable commodity. And yet, while all Americans are harmed by unfair business activities that raise the prices they pay when they shop, their ability to earn a living is equally—if not more—harmed by deceptive, unfair, and anticompetitive employer labor practices that drive down what they earn for their labor.”²⁶ For those reasons, last year, I created the FTC’s Joint Labor Task Force to tackle these issues and, in my directive, promised that this Commission will “prioritize investigation[s] and prosecution[s] of deceptive, unfair, or anticompetitive labor market conduct.”²⁷ In the year since, the Trump-Vance FTC has lived up to that commitment²⁸ so that American workers can thrive. Today’s victory is not our last.

²⁶ Directive Regarding Labor Markets Task Force, *supra* n. 2, at 1.

²⁷ *Ibid.*

²⁸ E.g., Concurring Statement of Chairman Andrew N. Ferguson Joined by Commissioner Mark R. Meador, *Walmart Spark Driver*, FTC Matter No. 2323055, at 5 n.38 (Feb. 26, 2026).