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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) FIL ORG ID: 352363  
 )  
13 THE COMMISSIONER OF FINANCIAL ) CONSENT ORDER  
PROTECTION AND INNOVATION, )  
14 )  
15 Complainant, )  
 )  
16 v. )  
 )  
17 ROYAL TEA TAIWAN CO., LTD., now )  
18 known as Gong Cha International Co., Ltd., )  
 )  
19 Respondent. )  
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1 The Commissioner of Financial Protection and Innovation (“Commissioner”) and Royal Tea  
2 Taiwan Co., Ltd., which changed its name to Gong Cha International Co., Ltd. on July 1, 2020  
3 (“Respondent” or “Royal Tea Taiwan”) (collectively the “Parties”), enter this Consent Order with  
4 respect to the following facts:

5 **I**

6 **RECITALS**

7 A. In California, the Commissioner of Financial Protection and Innovation regulates the  
8 offer and sale of franchises under the Franchise Investment Law (“FIL”). CAL CORP. CODE §§ 31000  
9 – 31516.

10 B. Without admitting or denying the Commissioner’s findings and allegations, as set  
11 forth in paragraphs C – J, *infra*, Respondent, on behalf of itself and its successors in interest, desires  
12 to enter into this Consent Order. The Commissioner finds the Consent Order is appropriate, in the  
13 public interest, and consistent with the policies and purposes fairly intended by the FIL.

14 C. At all relevant times, Royal Tea Taiwan was a Taiwanese limited liability company  
15 located at No. 1685, Huaxia Road., Zuoying District, Kaoshiung, Taiwan, Republic of China, or its  
16 prior address.

17 D. Royal Tea Taiwan owned the Gong cha franchise system, a system of Gong cha-  
18 branded counter service restaurants particularly known for their boba tea beverages, until July 1,  
19 2020.

20 E. As the result of a restructuring that occurred on July 1, 2020, Royal Tea Taiwan sold  
21 certain of its intellectual property to Gong Cha Global Limited (“GCG”), including its rights and  
22 obligations under its master franchise agreements and other franchise agreements, and its trademarks,  
23 service marks, logos, designs and identifying slogans, including the “Gong cha” mark (the “Global  
24 Restructuring”). Royal Tea Taiwan also assigned to GCG its master franchise agreements, including  
25 the master franchising agreement between Royal Tea Taiwan and Gong Cha California (as defined  
26 below). GCG’s principal business address is 2nd Floor, 20 Midtown, 20 Procter Street, London,  
27 England, WC1V 6NX. Following the Global Restructuring, GCG has served as the global franchisor  
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1 of the Gong cha franchise system outside the United States, and served as the US franchisor of the  
2 Gong cha franchise system until the end of April 2023.

3 F. As the result of a corporate US restructuring implemented on May 1, 2023 (the “US  
4 Restructuring”), Gong cha USA Franchising, LLC (“GCF”), an indirect subsidiary of GCG, was  
5 formed to act as the new US franchisor. As part of the US Restructuring, GCG assigned all US  
6 master franchise agreements to GCF, including the master franchising agreement between Royal Tea  
7 Taiwan and Gong Cha California. GCF’s principal business address is 200 Clarendon St., Suite  
8 #5600, Boston, Massachusetts 02116. Following the US Restructuring, GCG continues to own the  
9 intellectual property and proprietary rights relating to the Gong cha franchise system, but has granted  
10 to GCF the exclusive right to use, and license the right to use, GCG’s intellectual property and  
11 proprietary rights in the United States and to, among other things, offer and sell Gong cha master,  
12 multi-unit and unit franchises, operate Gong cha stores, and provide support and coordinate the  
13 distribution of products and other items to US master franchisees and Gong cha stores.

14 G. At all relevant times, Gong Cha CA Franchise, LLC (“Gong Cha California”) was a  
15 California limited liability company headquartered in California and managed by Michelle and Larry  
16 Chen (collectively “the Chens”), who are also its primary investors. At all relevant times, Gong Cha  
17 California operated five Gong Cha locations and had subfranchised 23 Gong Cha-branded counter  
18 service restaurants throughout California pursuant to a master franchising agreement between Royal  
19 Tea Taiwan and Gong Cha California.

20 H. The Commissioner finds that, on or about February 15, 2015, Royal Tea Taiwan  
21 engaged in the unlawful sale of a franchise in this state, in violation of Corporations Code section  
22 31110.

23 I. The Commissioner finds that, on or about February 15, 2015, Royal Tea Taiwan did  
24 not, prior to the sale of a franchise in this state, provide a copy of any franchise disclosure document,  
25 together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 days  
26 prior to the execution by a prospective franchisee of a binding franchise agreement or 14 days prior to  
27 the receipt by Royal Tea Taiwan of any consideration, whichever occurred first, in violation of  
28 Corporations Code section 31119(a).

1 J. The Commissioner finds that, on or about February 7, 2020, Royal Tea Taiwan  
2 engaged in the unlawful offer of a franchise in this state, in violation of Corporations Code section  
3 31110.

4 K. On May 26, 2020, the Commissioner<sup>1</sup> issued a citation to Royal Tea Taiwan  
5 (“Citation”). The factual allegations of the Citation in paragraphs 1 through 20 are incorporated by  
6 reference herein. The Citation included an order to desist and refrain from further violations of the  
7 Franchise Investment Law, an assessment of administrative penalties, and a claim for ancillary relief.  
8 Royal Tea Taiwan timely requested a hearing on the Citation.

9 L. The Commissioner finds that entry of this consent order is necessary or appropriate in  
10 the public interest or for the protection of prospective franchisees and consistent with the purposes  
11 fairly intended by the policy and provisions of the FIL.

12 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth  
13 herein, the Parties agree as follows:

14 **II**

15 **TERMS AND CONDITIONS**

16 1. Purpose. This Consent Order resolves the issues before the Commissioner, as set forth  
17 in the Citation and in Part I of this Consent Order, in a manner that avoids the expense of a hearing  
18 and other possible court proceedings, is in the public interest, and is consistent with the purposes,  
19 policies, and provisions of the FIL.

20 2. Finality of Consent Order. Royal Tea Taiwan agrees to comply with this Consent  
21 Order and stipulates that this Consent Order is hereby deemed final.

22 3. Desist and Refrain Order. Pursuant to Corporations Code sections 31402 and 31406,  
23 Royal Tea Taiwan and its successors in interest are hereby ordered to desist and refrain from the  
24 further offer or sale of Gong cha-branded restaurant franchises in California unless and until the  
25 offers have been duly registered under the California Franchise Investment Law or are otherwise  
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27 \_\_\_\_\_  
28 <sup>1</sup> Effective September 29, 2020, Government Code section 12895(d) (added by Stats. 2020, ch. 264, §§ 6, 32)  
[appropriations act to take effect immediately], deems all references in law to the former Department of Business  
Oversight to be a reference to the Department of Financial Protection and Innovation.

1 exempt, in compliance with Corporations Code section 31110. Additionally, pursuant to Corporations  
2 Code section 31406, Royal Tea Taiwan and its successors in interest are hereby ordered to desist and  
3 refrain from the sale of any franchise in this state that is subject to registration under the FIL without  
4 first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective  
5 franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any  
6 consideration, whichever occurs first, a copy of the franchise disclosure document, together with a  
7 copy of all proposed agreements relating to the sale of the franchise, in compliance with Corporations  
8 Code section 31119(a).

9 4. Penalties. Royal Tea Taiwan shall pay to the Commissioner penalties in the amount of  
10 \$7,500.00 no later than 30 days after the Effective Date set forth in Paragraph 25. The penalties must  
11 be made payable in the form of a cashier's check or Automated Clearing House deposit transmitted to  
12 the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation,  
13 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment must be concurrently  
14 sent to Jeremy Koo, Senior Counsel, Enforcement Division, via electronic mail at  
15 [Jeremy.Koo@dfpi.ca.gov](mailto:Jeremy.Koo@dfpi.ca.gov).

16 5. Ancillary Relief and Costs Requests and Orders Rescinded. The Commissioner  
17 rescinds its requests or orders for ancillary relief and recovery of costs stated in Parts V – VI of the  
18 Citation. Namely, these requests or orders were (a) the request for entry of an order of specific  
19 performance of a franchise agreement, (b) the order of remedial education, and (c) a request to  
20 recover administrative costs and expenses.

21 6. Waiver of Hearing Rights. Royal Tea Taiwan acknowledges that the Commissioner is  
22 ready, willing, and able to proceed with the Citation, and Royal Tea Taiwan, on behalf of itself and  
23 its successors in interest, hereby waives the right to a hearing, and to any reconsideration, appeal, or  
24 other right to review which may be afforded pursuant to the FIL, the California Administrative  
25 Procedure Act, the California Code of Civil Procedure, or any other provision of law; and by waiving  
26 such rights, Royal Tea Taiwan, on behalf of itself and its successors in interest, effectively consents  
27 to this Consent Order becoming final.  
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1           7.       Full and Final Settlement. The Parties hereby acknowledge and agree that this Consent  
2 Order is intended to constitute a full, final, and complete resolution of the violations described herein,  
3 and that no further proceedings or actions will be brought by the Commissioner against Royal Tea  
4 Taiwan or its successors in interest or other affiliates in connection with these matters, excepting  
5 therefrom any proceeding to enforce compliance with the terms of this Consent Order.

6           8.       Failure to Comply with Consent Order. Royal Tea Taiwan agrees that if it or any of its  
7 successors in interest fail to comply with the terms of this Consent Order, the Commissioner may, in  
8 addition to all other available remedies it may invoke under the FIL, summarily issue a stop order  
9 denying the effectiveness of or suspending or revoking effectiveness of the franchise registrations of  
10 Royal Tea Taiwan or any of its successors in interest until Royal Tea Taiwan or its successor in  
11 interest, as applicable, are in compliance. Royal Tea Taiwan, on behalf of itself and its successors in  
12 interest, waives any notice and hearing rights to contest such summary orders to deny, suspend, or  
13 revoke which may be afforded under the FIL, the California Administrative Procedure Act, the  
14 California Code of Civil Procedure, or any other provision of law in connection therewith.

15           9.       Information Willfully Withheld or Misrepresented. This Consent Order may be  
16 rescinded and the Commissioner may pursue any and all remedies available under law against Royal  
17 Tea Taiwan or its successors in interest if the Commissioner discovers that Royal Tea Taiwan or its  
18 successors in interest knowingly or willfully withheld or misrepresented information used for and  
19 relied upon in this Consent Order.

20           10.      Future Actions by Commissioner. If Royal Tea Taiwan or its successors in interest fail  
21 to comply with any terms of the Consent Order, the Commissioner may institute proceedings for any  
22 and all violations otherwise resolved under this Consent Order. The Commissioner reserves the right  
23 to bring any future actions against Royal Tea Taiwan, or any of its partners, owners, officers,  
24 shareholders, directors, employees or successors in interest for any and all unknown violations of the  
25 FIL.

26           11.      Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
27 ability to assist any other government agency (city, county, state, or federal) with any prosecution,  
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1 administrative, civil, or criminal brought by that agency against Royal Tea Taiwan or any other  
2 person based upon any of the activities alleged in this matter or otherwise.

3 12. Headings. The headings to the paragraphs of this Consent Order are inserted for  
4 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
5 the provisions hereof.

6 13. Binding. This Consent Order is binding on and inures to the benefit of all heirs,  
7 assigns, and/or successors in interest of each Party.

8 14. Third Party Actions. It is the intent and understanding between the Parties that this  
9 Consent Order does not create any private rights or remedies against Royal Tea Taiwan or any of its  
10 successors in interest, create any liability for Royal Tea Taiwan or any of its successors in interest, or  
11 limit defenses of Royal Tea Taiwan or any of its successors in interest, for any person or entity not a  
12 party to this Consent Order.

13 15. Reliance. Each of the Parties represents, warrants, and agrees that in executing this  
14 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel,  
15 if represented. Each of the Parties further represents, warrants, and agrees that in executing this  
16 Consent Order it has placed no reliance on any statement, representation, or promise of any other  
17 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or  
18 any other person or entity to make any statement, representation or disclosure of anything  
19 whatsoever. The Parties have included this clause: (1) to preclude any claim that any Party was in any  
20 way fraudulently induced to execute this Consent Order and (2) to preclude the introduction of parol  
21 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

22 16. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
23 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.  
24 The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
25 provision. No waiver by either Party of any breach of, or of compliance with, any condition or  
26 provision of this Consent Order by the other Party will be considered a waiver of any other condition  
27 or provision or of the same condition or provision at another time.  
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1           17.    Full Integration. This Consent Order is the final written expression and the complete  
2 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
3 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
4 contemporaneous agreements, negotiations, representations, understandings, and discussions between  
5 and among the Parties, their respective representatives, and any other person or entity, with respect to  
6 the subject matter covered hereby.

7           18.    Governing Law. This Consent Order will be governed by and construed in accordance  
8 with California law. Each of the Parties hereto consents to the jurisdiction of the California Superior  
9 Court for the County of Sacramento, and hereby irrevocably waives, to the fullest extent permitted by  
10 law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such  
11 court.

12           19.    Effect Upon Future Proceedings. If Royal Tea Taiwan or any of its successors in  
13 interest apply for any license, permit, or qualification under the Commissioner's current or future  
14 jurisdiction, or is the subject of any future action by the Commissioner to enforce this Consent Order,  
15 then the subject matter hereof shall be admitted for the purpose of such application(s) or enforcement  
16 proceedings(s).

17           20.    Voluntary Agreement. Royal Tea Taiwan, on behalf of itself and its successors in  
18 interest, enters this Consent Order voluntarily and without coercion and acknowledges that no  
19 promises, threats, or assurances have been made by the Commissioner or any officer, or agent  
20 thereof, about this Consent Order. The Parties each represent and acknowledge that they are  
21 executing this Consent Order completely voluntarily and without any duress or undue influence of  
22 any kind from any source.

23           21.    Counterparts. This Consent Order may be executed in one or more separate  
24 counterparts, each of which, when so executed, shall be deemed an original. Such counterparts shall  
25 together constitute a single document.

26           22.    Notice. Any notice required under this Consent Order shall be provided to each Party  
27 at the following addresses:

28                   To Royal Tea Taiwan:



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Mr. Danny Lee  
Representative Director of Gong Cha International Co., Ltd.  
(f/k/a Royal Tea Taiwan Co. Ltd.)  
No. 1685, Huaxia Road  
Zuoying District, Kaohsiung City 813031  
Taiwan, Republic of China

To the Commissioner:

Jeremy F. Koo, Senior Counsel  
Department of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, California 95834  
[Jeremy.Koo@dfpi.ca.gov](mailto:Jeremy.Koo@dfpi.ca.gov)

23. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.
24. Public Record. Royal Tea Taiwan hereby acknowledges that this Consent Order is a matter of public record.
25. Effective Date. This Consent Order shall become final and effective when signed by all Parties and delivered by the Commissioner’s agent via e-mail to the Respondent’s agent.
26. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

*[Signatures on next page]*

1 IN WITNESS WHEREOF, the Parties hereto have approved and executed the Consent Order  
2 on the dates set forth opposite their respective signatures.

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4 Dated: Jan. 21, 2025

KHALIL MOHSENI  
Acting Commissioner of Financial Protection and  
Innovation



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6  
7 By: \_\_\_\_\_  
8 MARY ANN SMITH  
9 Deputy Commissioner  
10 Enforcement Division

11 Dated: Jan. 19, 2025

ROYAL TEA TAIWAN CO., LTD., now known as  
Gong Cha International Co., Ltd.

12  
13 By: \_\_\_\_\_  
14 DANNY LEE  
15 Representative Director

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17 4884-2295-3645, v. 5

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