

1 CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation  
2 COLLEEN MONAHAN  
Deputy Commissioner  
3 THERESA LEETS  
Assistant Chief Counsel  
4 MARISA I. URTEAGA-WATKINS (State Bar No. 236398)  
Senior Counsel  
5 Department of Financial Protection and Innovation  
6 2101 Arena Blvd.  
7 Sacramento, California 95834

8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

10 OF THE STATE OF CALIFORNIA

11 In the Matter of:	)	
	)	
12 THE COMMISSIONER OF FINANCIAL	)	
PROTECTION AND INNOVATION,	)	
	)	13 CONSENT ORDER
Complainant,	)	
v.	)	
	)	
15 GBC FOOD SERVICE, LLC., doing business	)	
16 as YUMMI SUSHI, YUMMI SAUCES,	)	
17 TOSHIMI, CALMON, and SUSHI SARA.	)	
	)	
Respondent.	)	
	)	

19  
20 This Consent Order is entered into between the Commissioner of Financial Protection and  
21 Innovation (Commissioner) and GBC Food Service, LLC., doing business as Yummi Sushi, Yummi  
22 Sauces, Toshimi, Calmon, and Sushi Sara (Yummi), and together with Commissioner, (Parties) and  
23 is made with respect to the following facts:

24 **I.**

25 **RECITALS**

26 A. The Commissioner is the head of the Department of Financial Protection and  
27 Innovation (Department) and is responsible for administering and enforcing the Franchise  
28

1 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises  
2 in California. To register a franchise, a franchisor must file an application that includes a Franchise  
3 Disclosure Document (FDD) with the Department for review, in accordance with sections 31111 and  
4 31114. The FIL requires franchisors to disclose certain material information that is intended to  
5 provide prospective franchisees with facts upon which to make an informed decision to purchase a  
6 franchise, as stated in section 31001.

7 B. At all relevant times, Yummi was and is a Texas limited liability company on May  
8 17, 2011 with a principal place of business located at 14043 Distribution Way, Farmers Branch,  
9 Texas 75234. At all relevant times, Yummi operated sushi “kiosk” franchises to California  
10 consumers. Yummi engaged in the offer and sale of Yummi franchises in California. On or about  
11 January 9, 2024, Yummi filed application number 15270 for registration with the Department  
12 pursuant to the FIL (2024 Application). Yummi was and is registered with the Department to offer  
13 and sell franchises in California from February 13, 2024 to April 19, 2024. Yummi was and is not  
14 registered with the Department to offer and sell franchises in California at any other time.

15 C. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in  
16 this state unless the offer has been registered with the Commissioner or is exempted.

17 1. From at least 2020 to 2022, Yummi entered into at least thirty-nine  
18 (32) franchise agreements referred to as “Independent Contractor Agreement(s)” with different  
19 California franchisees for the operation of stores, using a system prescribed by Yummi, in California  
20 (California Stores). Yummi was not registered to offer and sell franchises by the Commissioner  
21 pursuant to the FIL from 2020 to 2022.

22 D. Pursuant to section 31119, it is unlawful to sell any franchise without first providing a  
23 prospective franchisee with the FDD at least fourteen (14) days prior to the execution of a franchise  
24 agreement or receipt of consideration.

25 1. From at least 2020 to 2022, Yummi sold at least thirty-two (32) Yummi California  
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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

1 Stores franchises. Yummi never provided a Yummi FDD to any California Yummi franchisee at  
2 least fourteen (14) days prior to the execution of a franchise agreement referred to as “Independent  
3 Contractor Agreement(s)” or otherwise.

4 E. The Commissioner hereby finds as follows:

5 1. Yummi offered and sold at least thirty-two (32) Yummi franchises in  
6 California without being registered with the Commissioner or exempt, in violation of section 31110;

7 2. On at least thirty-two (32) occasions, Yummi engaged in the sale of a Yummi  
8 franchise without first providing a prospective franchisee with the FDD at least fourteen (14) days  
9 prior to the execution of a franchise agreement or receipt of consideration, in violation of 31119.

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

12 **II.**

13 **TERMS AND CONDITIONS**

14 1. Purpose. This Consent Order resolves the issues before the Commissioner,  
15 described in the Recitals above, in a manner that avoids the expense of a hearing and other possible  
16 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes  
17 and provisions of the applicable law.

18 2. Desist and Refrain Order. Pursuant to section 31406, GBC Food Service, LLC.,  
19 doing business as Yummi Sushi, Yummi Sauces, Toshimi, Calmon, and Sushi Sara is hereby ordered  
20 to desist and refrain from the violations set forth herein, in violation of Corporations Code sections  
21 31110 and 31119 and from any violations of the Franchise Investment Law. The issuance of this  
22 order is necessary, in the public interest, for the protection of investors, and is consistent with the  
23 purposes, policies, and provisions of the Franchise Investment Law.

24 3. Penalties. GBC Food Service, LLC., doing business as Yummi Sushi, Yummi Sauces,  
25 Toshimi, Calmon, and Sushi Sara shall pay an administrative penalty of fifty-four thousand dollars  
26 (\$54,000.00) (Penalties) no later than fifteen (15) days after the Effective Date of this Consent Order  
27 as defined in paragraph 23 (Effective Date). The Penalties must be made payable in the form of a  
28 cashier’s check or Automated Clearing House deposit to the Department and transmitted to the

1 attention of Accounting-Legal at the Department of Financial Protection and Innovation, 2101 Arena  
2 Boulevard, Sacramento, California 95834. Notice of the payment must be concurrently sent via  
3 email to marisa.urteaga-watkins@dfpi.ca.gov. Failure to pay Penalties in a timely manner shall be  
4 deemed to be a material breach of this Consent Order.

5 4. Remedial Education. Yummi agrees that the following class of persons are required  
6 to and will attend remedial education in each of their respective businesses: (1) All persons with  
7 direct management responsibility relating to the sale of franchises; (2) All persons who assist in  
8 preparing franchise materials (excluding outside lawyers and accountants); and (3) The person who  
9 certifies the accuracy of any Yummi franchise disclosure document. Each of these persons shall  
10 complete at least four to eight (4-8) hours of continuing education offered by a Commissioner  
11 approved franchise attorney within one (1) year of the Effective Date of this Consent Order. Yummi  
12 shall file proof of compliance, a certificate of completion with a sworn affidavit that each required  
13 party completed the remedial education from the approved training provider to the Commissioner  
14 upon completion of the required remedial education. Proof of compliance shall be sent to the  
15 Department of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins, Counsel, 2101  
16 Arena Blvd., Sacramento, California 95834 and at marisa.urteaga-watkins@dfpi.ca.gov.

17 5. Independent Monitor. Yummi agrees that, within six (6) months from the Effective  
18 Date of this Consent Order, Yummi will contract with an independent monitor who has no familial,  
19 financial, or professional affiliation with Yummi and who is a licensed California attorney with  
20 specialty experience in franchise law, to consult with Yummi on its compliance with the FIL for the  
21 next three (3) years. The monitor shall be approved by the Department and must submit annual  
22 reports regarding Yummi's offer and sales actions to the Department. Proof of compliance shall be  
23 sent to the Department of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins,  
24 Counsel, 2101 Arena Blvd., Sacramento, California 95834 and at marisa.urteaga-  
25 watkins@dfpi.ca.gov.

26 6. Waiver of Hearing Rights. Yummi acknowledges that the Commissioner is ready,  
27 willing, and able to proceed with the filing of an administrative enforcement action on the charges  
28 contained in this Consent Order. Yummi hereby waives the right to any hearings, and to any

1 reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the  
2 California Administrative Procedure Act (CAPA), the California Code of Civil Procedure (CCCP),  
3 or any other provision of law. Yummi further expressly waives any requirement for the filing of any  
4 accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,  
5 Yummi effectively consents to this Consent Order and all of its terms becoming final.

6 7. Failure to Comply with Consent Order. Yummi agrees that if it fails to comply with  
7 the Desist and Refrain Order in this Consent Order, the Commissioner may, in addition to all other  
8 available remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL  
9 registration (if applicable). Yummi stipulates to the finality of any such FIL registration  
10 suspensions, revocations, or denials that the Commissioner may order. Yummi waives any notice  
11 and hearing rights to contest such summary suspensions, revocations, or denials which may be  
12 afforded under the FIL, CAPA, the CCCP, or any other provision of law in connection therewith.

13 8. Information Willfully Withheld or Misrepresented. This Consent Order may be  
14 revoked, and the Commissioner may pursue any and all remedies available under law against  
15 Yummi, if the Commissioner discovers that Yummi knowingly or willfully withheld or  
16 misrepresented information used for and relied upon in this Consent Order.

17 9. Future Actions by Commissioner. If Yummi fails to comply with any terms of the  
18 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
19 resolved by this Consent Order. The Commissioner reserves the right to bring any future actions  
20 against Yummi, or any of its partners, owners, officers, shareholders, directors, employees, or  
21 successors for any and all unknown violations of the FIL or any other law under the Commissioner's  
22 jurisdiction.

23 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
24 ability to assist any other government agency (whether city, county, state, or federal) with any  
25 administrative, civil, or criminal action brought by that agency against Yummi, or any other person  
26 based upon any of the activities alleged in this matter or otherwise.

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

4           12.    Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
5 interest.

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

15           14.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
16 of this Consent Order will be valid or binding unless it is in writing and signed by each of the  
17 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any  
18 other provision. No waiver by either Party of any breach of, or of compliance with, any condition  
19 or provision of this Consent Order by the other Party will be considered a waiver of any other  
20 condition or provision or of the same condition or provision at another time.

21           15.    Full Integration. This Consent Order is the final written expression and the complete  
22 and exclusive statement of all the agreements, conditions, promises, representations, and covenant  
23 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
24 contemporaneous agreements, negotiations, representations, understandings, and discussions  
25 between and among the Parties, their respective representatives, and any other person or entity with  
26 respect to the subject matter covered hereby.

27           16.    Governing Law. This Consent Order will be governed by and construed in  
28 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such

1 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
2 inconvenient forum to the maintenance of such action or proceeding in such court.

3 17. Counterparts. This Consent Order may be executed in one or more separate  
4 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
5 together constitute a single document.

6 18. Effect Upon Future Proceedings. If Yummi applies for any license, registration,  
7 permit, or qualification under the Commissioner’s current or future jurisdiction, or is the subject of  
8 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof  
9 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

10 19. Voluntary Agreement. Yummi enters into this Consent Order voluntarily and without  
11 coercion and acknowledges that no promises, threats, or assurances have been made by the  
12 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each  
13 represent and acknowledge that he, she, or it is executing this Consent Order completely voluntarily  
14 and without any duress or undue influence of any kind from any source.

15 20. Notice. Any notice required under this Consent Order shall be provided to each  
16 party at the following addresses:

17 To Yummi: Steven R. Block, Esq.  
18 BlankRome, LLP.  
19 200 Crescent Court, Suite 1000  
20 Dallas, Texas 75201  
21 steve.block@blankrome.com

22 To the Commissioner: Marisa I. Urteaga-Watkins, Esq.  
23 Department of Financial Protection and Innovation  
24 2101 Arena Blvd.  
25 Sacramento, California 95834  
26 marisa.urteaga-watkins@dfpi.ca.gov

27 21. Signatures. A fax, scanned, or electronic signature shall be deemed the same as an  
28 original signature.

29 22. Public Record. Yummi hereby acknowledges that this Consent Order is and will be a  
30 matter of public record.

1           23.    Effective Date. This Consent Order shall become final and effective when signed by  
2 all Parties and delivered by the Commissioner’s agent via e-mail to Yummi’s agent, Steven R.  
3 Block, Esq. at [steve.block@blankrome.com](mailto:steve.block@blankrome.com)

4           24.    Authority to Sign. Each signatory hereto covenants that he/she possesses all  
5 necessary capacity and authority to sign and enter into this Consent Order and undertake the  
6 obligations set forth herein.

7  
8 Dated: 10/25/2024

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection  
and Innovation

9  
10  
11 By: \_\_\_\_\_  
12 COLLEEN MONAHAN  
13 Deputy Commissioner

14 Dated: 10/18/2024

GBC FOOD SERVICE, LLC., doing business as  
YUMMI SUSHI, YUMMI SAUCES, TOSHIMI,  
CALMON, and SUSHI SARA

15  
16  
17 By: \_\_\_\_\_  
18 KATIE AUNG  
19 Executive Chairperson  
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