

MARY ANN SMITH
Deputy Commissioner
BORYANA ARSOVA
Assistant Chief Counsel
SONIA SINGH (State Bar No. 311080)
Senior Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Telephone: (310) 759-3912
Attorneys for Complainant

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

In the Matter of:)	
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	
Complainant,)	CONSENT ORDER
v.)	
MOCHINUT, INC. and MOCHINUT)	
FRANCHISE, INC.,)	
Respondents.)	

The Commissioner of Financial Protection and Innovation (Commissioner) and Mochinut, Inc. and Mochinut Franchise, Inc. (collectively the Respondents, and together with Commissioner the Parties) enter this Consent Order with respect to the following facts:

I. RECITALS

A. The Commissioner is authorized to administer and enforce the provisions of the Franchise Investment Law (Cal. Corp. Code §§ 31000 – 31516) (FIL) and the rules and regulations promulgated thereunder which control the registration, offer and sale of franchises in California. To register a franchise, a franchisor must file an application that includes a Uniform Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance with Corporations Code sections 31111 and 31114. The FIL requires franchisors to disclose certain

1 material information that is intended to provide prospective franchisees with facts upon which to
2 make an informed decision to purchase a franchise, as stated in Corporations Code section 31001.

3 B. The Commissioner brings this action pursuant to the provisions of the FIL, and the
4 rules and regulations promulgated thereunder, including Corporations Code sections 31150, 31200,
5 31406 and 31408.

6 C. At all relevant times, Mochinut Franchise, Inc. is a California corporation formed on
7 August 4, 2021, with a principal business address at 4141 West Pico Blvd. Ste 101, Los Angeles,
8 CA 90019. Mochinut Franchise, Inc. offers and sells franchises (Mochinut Franchise) for the
9 operation of Mochinut restaurants specializing in the sale of “mochi donuts.”

10 D. At all relevant times, Mochinut, Inc. is a California corporation formed on March 13,
11 2020, with a principal business address at 4141 West Pico Blvd. Ste 101, Los Angeles, CA 90019.
12 Mochinut, Inc. is Mochinut Franchise, Inc.’s affiliate and the approved supplier for certain
13 ingredients, powders and other items franchisees must purchase for their Mochinut Franchise
14 restaurants.

15 E. On May 10, 2023, the Commissioner issued a Consent Order based on Mochinut
16 Inc.’s unregistered offer and sale of franchises from 2020 to 2022, in violation of Corporations
17 Code section 31110 (2023 Order). In the 2023 Order, Mochinut, Inc. agreed to make rescission
18 offers to Mochinut, Inc.’s franchisees and sub-franchisees who were offered and sold a Mochinut
19 Franchise or sub-franchise from June 11, 2020, to August 26, 2022. Thereafter, on June 24, 2024,
20 the Department approved the withdrawal of Mochinut Franchise, Inc.’s initial FIL application for
21 registration. Mochinut Franchise, Inc. filed a new application on August 1, 2024, under application
22 number 32766, which is currently pending before the Department (2024 Application).

23 F. On or about October 31, 2024, the Department requested all books and records from
24 Respondents pursuant to the FIL, which records Respondents produced on or about December 10,
25 2024 (December 2024 Production).

26 G. The 2024 Application included a “List of Current Franchisees And/Or Licensees
27 Being Converted to Franchisees as of December 31, 2023” (Conversion List). The Conversion List
28 included information about franchise locations in Buena Park, Chino Hills, Diamond Bar, Long

1 Beach and Riverside. However, Respondents' December 2024 Production did not include franchise
2 agreements for locations in Buena Park or Chino Hills and included franchise agreements with
3 different franchisee information for locations in Diamond Bar, Long Beach and Riverside.

4 H. Pursuant to Corporations Code section 31150, every franchisor or sub-franchisor
5 offering franchises for sale in this state shall at all times keep and maintain a complete set of books,
6 records, and accounts of such sales.

7 I. The Commissioner finds that on at least five occasions, Respondents did not keep
8 and maintain a complete set of books, records and accounts of their sales, in violation of
9 Corporations Code section 31150.

10 J. Further, in the Conversion List, Mochinut Franchise, Inc. failed to include franchise
11 information for eight franchise agreements included in the December 2024 Production: Brea, Eagle
12 Rock, El Centro, Garden Grove, Gardena, Indio, Pasadena, and Westminster.

13 K. Pursuant to Corporations Code section 31200, it is unlawful for any person willfully
14 to make any untrue statement of a material fact in any application, notice or report filed with the
15 Commissioner under the FIL, or willfully to omit to state in any such application, notice, or report
16 any material fact which is required to be stated therein, or fail to notify the Commissioner of any
17 material change as required by Corporations Code section 31123.

18 L. The Commissioner finds that on at least eight occasions, Mochinut Franchise, Inc.
19 willfully omitted to state in its FIL application filed with the Commissioner a material fact which
20 was required to be stated therein, in violation of Corporations Code section 31200.

21 M. Respondents indicated their intent to cooperate fully with the Department to remedy
22 the past violations described herein and consent to the entry of this Consent Order.

23 N. It is the intention and desire of the Parties to resolve this matter without the necessity
24 of a hearing and/or other litigation.

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

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II. TERMS AND CONDITIONS

1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in Paragraphs A through N above in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the FIL.

2. Finality of Consent Order. Respondents agree to comply with this Consent Order and stipulate this Consent Order is hereby deemed final.

3. Citation and Desist and Refrain Order, Corporations Code section 31150. Pursuant to Corporations Code section 31406, the Commissioner hereby issues a citation to Respondents Mochinut, Inc. and Mochinut Franchise, Inc. for the violation of Corporations Code section 31150. Respondents Mochinut, Inc. and Mochinut Franchise, Inc. are hereby ordered to desist and refrain from the violations set forth herein, in violation of Corporations Code section 31150 by failing to keep and maintain a complete set of books, records and accounts of their sales.

4. Citation and Desist and Refrain Order, Corporations Code section 31200. Pursuant to Corporations Code section 31406, the Commissioner hereby issues a citation to Respondents Mochinut, Inc. and Mochinut Franchise, Inc. for the violation of Corporations Code section 31200. Respondents Mochinut, Inc. and Mochinut Franchise, Inc. are hereby ordered to desist and refrain from the violations set forth herein, in violation of Corporations Code section 31200 by willfully making any untrue statement of a material fact in any application, notice or report filed with the commissioner under the FIL, or willfully omitting to state in any such application, notice, or report any material fact which is required to be stated therein.

5. Penalties. Pursuant to Corporations Code section 31406(a), Respondents Mochinut, Inc. and Mochinut Franchise, Inc., jointly and severally, shall pay to the Commissioner penalties in the amount of \$20,000.00 no later than 30 days after the effective date set forth in Paragraph 28 (Effective Date). The penalties must be made payable in the form of a cashier's check or Automated Clearing House deposit transmitted to the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation, 651 Bannon Street, Sacramento, California 95811. Notice of

1 the payment must be concurrently sent to Sonia Singh, Senior Counsel, Enforcement Division, via
2 electronic mail at Sonia.Singh@dfpi.ca.gov.

3 6. Independent Monitor. Respondents agree that, within four (4) months from the
4 Effective Date, Respondents Mochinut, Inc. and Mochinut Franchise, Inc. will contract with an
5 independent monitor who has no familial, financial, or professional affiliation with Respondents
6 Mochinut, Inc. and Mochinut Franchise, Inc. and who is a licensed California attorney with specialty
7 experience in franchise law. The independent monitor shall be approved by the Department. The
8 independent monitor shall consult with Respondents on their compliance with the FIL for the next
9 three (3) years. The monitoring duties shall include, but are not limited to: (1) reviewing
10 Respondents' books, records, and sales compliance process to verify that a sales compliance
11 procedure exists and is being followed; (2) reporting to the Department any compliance issues under
12 the FIL; and (3) reviewing disclosures in any future FDD to ensure that there are no further
13 inaccurate or misleading disclosures in future registrations filed with the Department. The
14 independent monitor shall draft and submit annual reports due to the Department by April 1, 2026,
15 April 1, 2027 and April 1, 2028, attesting to all the preceding information to the Department. Proof
16 of compliance shall be sent to the Department of Financial Protection and Innovation, Attn. Sonia
17 Singh via electronic mail at Sonia.Singh@dfpi.ca.gov.

18 7. Pending Application. No later than 30 days after the Effective Date, Mochinut
19 Franchise, Inc. shall request to withdraw the 2024 Application and the Department will approve the
20 withdrawal of said filing.

21 8. Waiver of Hearing Rights. Respondents acknowledge that the Commissioner is
22 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
23 charges contained in this Consent Order. Respondents hereby waive the right to any hearings, and to
24 any reconsiderations, appeal, or other right to review which may be afforded pursuant to the FIL, the
25 California Administrative Procedure Act (CAPA), the California Code of Civil Procedure (CCCP),
26 or any other provision of law. Respondents further expressly waive any requirement for the filing of
27 a Citation and Desist and Refrain Order pursuant to California Government Code section 11415.60,
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1 subdivision (b). By waiving such rights, Respondents effectively consent to this Consent Order,
2 Citation, and Desist and Refrain Order becoming final.

3 9. Failure to Comply with Consent Order. Respondents agree that if they fail to comply
4 with the terms of this Consent Order, the Commissioner may, in addition to all other available
5 remedies he may invoke under the FIL, deny any application and/or summarily suspend or revoke
6 any license granted by the Commissioner to Respondents until Respondents are in compliance.
7 Respondents waive any notice and hearing rights to contest such denial or summary suspension or
8 revocation which may be afforded under the FIL, the CAPA, CCCP, or any other provision of law in
9 connection therewith.

10 10. Information Willfully Withheld or Misrepresented. This Consent Order may be
11 revoked and the Commissioner may pursue any and all remedies available under law against
12 Respondents if the Commissioner discovers that Respondents knowingly or willfully withheld or
13 misrepresented information used for and relied upon in this Consent Order.

14 11. Future Actions by Commissioner. If Respondents fail to comply with any terms of
15 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
16 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
17 against Respondents, or any of their partners, owners, officers, shareholders, directors, employees or
18 successors for any and all unknown violations of the FIL and Corporations Code.

19 12. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
20 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
21 administrative, civil or criminal brought by that agency against Respondents or any other person
22 based upon any of the activities alleged in this matter or otherwise.

23 13. Headings. The headings to the paragraphs of this Consent Order are inserted for
24 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
25 the provisions hereof.

26 14. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
27 interest.

28 15. Reliance. Each of the parties represents, warrants, and agrees that in executing this

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

9 16. No Presumption Against Drafting Party. Each party acknowledges that it has had the
10 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
11 intend that no presumption for or against the drafting party will apply in construing any part of this
12 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or
13 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
14 language of a contract should be interpreted most strongly against the party that caused the
15 uncertainty to exist.

16 17. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
17 has received independent advice from its attorney(s) and/or representatives with respect to the
18 advisability of executing this Consent Order.

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

25 19. Full Integration. This Consent Order is the final written expression and the complete
26 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
27 between the parties with respect to the subject matter hereof, and supersedes all prior or
28 contemporaneous agreements, negotiations, representations, understandings, and discussions

1 between and among the parties, their respective representatives, and any other person or entity, with
2 respect to the subject matter covered hereby.

3 20. Governing Law. This Consent Order shall be construed and enforced in accordance
4 with and governed by California law. Each of the parties hereto consents to the jurisdiction of such
5 court in California, administrative or otherwise, best suited to handle any action or proceeding under
6 this Consent Order, and hereby irrevocably waives, to the fullest extent permitted by law, the
7 defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

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

11 22. Effect Upon Future Proceedings. If Respondents apply for any license, permit or
12 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
13 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
14 admitted for the purpose of such application(s) or enforcement proceeding(s).

15 23. Voluntary Agreement. Respondents enter into this Consent Order voluntarily and
16 without coercion and acknowledge that no promises, threats or assurances have been made by the
17 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
18 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
19 without any duress or undue influence of any kind from any source.

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

23 25. Notice. Any notice required under this Consent Order shall be provided to each party
24 at the following addresses:

25 To Respondents:

Yohan Lee
Law Offices of Yohan Lee
5681 Beach Blvd., Suite 200
Buena Park, CA 90621
ylee@yleelaw.com

To the Commissioner:

Sonia Singh, Senior Counsel
Enforcement Division
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Sonia.Singh@dfpi.ca.gov

26. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.

27. Public Record. Respondents hereby acknowledge that this Consent Order is and will be a matter of public record.

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28. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner's counsel via e-mail to Respondents at ylee@yleelaw.com.

29. 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.

Dated: April 1, 2025 KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By: _____
MARY ANN SMITH
Deputy Commissioner

Dated: March 28, 2025 MOCHINUT, INC.

By: _____
Jae Wook Ha
Chief Executive Officer

Dated: March 28, 2025 MOCHINUT FRANCHISE, INC.

By: _____
Jae Wook Ha
Chief Executive Officer

Approved as to form:

Dated: March 28, 2025 By: _____
Yohan Lee
Law Offices of Yohan Lee