

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

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This Consent Order is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) and Tile Liquidators Franchisor, LLC, doing business as Tile Liquidators, LLC., (collectively the Parties) and is made with respect to the following facts:

## Recitals

A. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises

<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

1 in California. To register a franchise, a franchisor must file an application which includes a Uniform  
2 Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance  
3 with sections 31111 and 31114. The FIL requires franchisors to disclose certain material  
4 information which is intended to provide prospective franchisees with facts upon which to make an  
5 informed decision to purchase a franchise, as stated in section 31001.

6 B. At all relevant times, Tile Liquidators Franchisor, LLC, doing business as Tile  
7 Liquidators, LLC., (Tile) is a California limited liability company doing business at 9778 Business  
8 Park Drive, Suite A, Sacramento, CA 95827. At all relevant times, Tile offers business franchises  
9 selling residential and commercial ceramic porcelain, stone, granite flooring and counter tops to  
10 California investors.

11 C. Pursuant to Corporations Code section 31150, every franchisor offering franchises for  
12 sale in this state shall at all times keep and maintain a complete set of books, records, and accounts  
13 of such sales.

14 1. For each franchise offered and sold in California, the following books, records  
15 and accounts must be kept by the franchisor: (1) FDD; (2) FDD receipt with a signature and date of  
16 the prospective and actual franchisee; (3) Franchise agreement executed (signed and dated) by both  
17 the franchisor and franchisee; and (4) Proof of payment and receipt of the initial franchise fee.

18 2. On or about April 24, 2025, the Department issued a compliance inquiry  
19 (Inquiry) to Tile that included a request for an executed FDD receipt signed by the complainant in  
20 Inquiry request No. 5 and No. 18. The Department received a timely response from Tile to the  
21 Inquiry. However, Tile stated in their responses to the Inquiry that they did not have an FDD receipt  
22 executed by franchisee VS of Elk Grove, California (franchisee VS). The response was then  
23 incomplete as the required record was not included in the response to the Department – an executed  
24 FDD receipt by franchisee VS. Therefore, Tile violated section 31150 of the FIL for failing to  
25 maintain and submit books, accountings and records required.

26 D. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in  
27 this state unless the offer has been registered with the Commissioner or is exempted.  
28

1                   1.           Tile was registered with the Department to lawfully offer and/or sell Tile  
2 franchises in California from January 13, 2020, to April 20, 2020, and July 15, 2020, to April 20,  
3 2021.<sup>2</sup> Tile was not registered from April 21, 2020, to July 14, 2020, and April 21, 2021, to May 4,  
4 2021.

5                   2.           Tile entered into at least one (1) franchise agreement for the operation of a  
6 store, using a system prescribed by Tile on April 21, 2021, with franchisee VS.<sup>3</sup> Tile was not  
7 registered to offer and sell franchises by the Commissioner pursuant to the FIL on April 21, 2021.  
8 Therefore, Tile violated section 31110 of the FIL.

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

12                   1.           Tile offered and sold a Tile franchise to franchisee VS in March and/or April  
13 of 2021. Tile failed to provide the Commissioner with the required FDD receipt executed by  
14 franchisee VS. Tile provided a Tile email, dated in March 2021, to the Department as part of their  
15 response to the Inquiry. That email stated that there was a Tile FDD attached to the email sent to  
16 franchisee VS. The email was not filed with the Department as a post-effective amendment or  
17 otherwise replacing the form of the FDD receipt already filed in the January 2020 FDD. Because the  
18 Department may only accept an executed FDD receipt in the form filed with the FDD that includes  
19 the franchisee's signature and date on it as proof that an FDD was given to a prospective franchisee,  
20 the email does not replace the required executed FDD receipt. Therefore, because the Department  
21 may not look to the email, it is presumed that Tile failed to provide franchisee VS with the FDD at  
22

23  
24 <sup>2</sup> App-16699 Filed January 1, 2020; Registered January 13, 2020; Terminated April 20, 2020.

25 App-17460 Filed April 8, 2020; Registered July 15, 2020; Terminated April 20, 2021.

26 App-19927 Filed February 12, 21; Registered May 4, 2021; Terminated April 20, 2022.

27 <sup>3</sup> Tile sent text messages to franchisee VS on April 20, 2021, asking franchisee VS if she signed and dated the franchise  
28 agreement. Tile asked what date franchisee VS used when signing the agreement. Franchisee VS had not signed and  
dated the franchise agreement yet, which franchisee VS stated to Tile. A day after Tile sent the text messages to  
franchisee VS, on April 21, 2021, franchisee VS met with Tile for the first time ever. During her meeting, franchisee VS  
asserts that Tile required her to backdate the Tile franchise agreement by one day to April 20, 2021, instead of dating it  
the actual day of April 21, 2021. Franchisee VS never met with Tile prior to April 21, 2021. Thus, franchisee VS could  
not have written the April 20, 2021, on the agreement, unless she was asked to do so by Tile. As such, the franchise  
agreement was actually executed by franchisee VS on April 21, 2021, despite Tile dating their franchise agreement on  
April 20, 2021.

1 least fourteen (14) days prior to the execution of a franchise agreement or receipt of consideration in  
2 violation of section 31119 of the FIL.

3 F. Pursuant to section 31201, it is unlawful for any person to offer or sell a franchise in  
4 this state by means of any written or oral communication not enumerated in section 31200 which  
5 includes an untrue statement of a material fact or omits to state a material fact necessary in order to  
6 make the statements made, in the light of the circumstances under which they were made, not  
7 misleading.

8 1. In or about March 2021, Tile allegedly provided franchisee VS with a Tile  
9 FDD while offering and/or selling a Tile franchise. The FDD was dated January 2020. The January  
10 2020 FDD was over a year old at this time and the information inside the FDD was stale, including  
11 the material information in Item 19, Item 20, and the California Addendum. At the time franchisee  
12 VS was given this January 2020 FDD, there were other Tile FDD's that were dated more closely to  
13 March 2021 in existence, yet Tile gave franchisee VS the outdated January 2020 FDD. The January  
14 2020 FDD omitted to state current 2021 material facts regarding Tile franchises necessary in order to  
15 make the statements made, in the light of the circumstances under which they were made, not  
16 misleading. In addition, the January 2020 FDD did not include a material clause in the Tile  
17 Confidentiality Agreement. Therefore, Tile is in violation of section 31201 for providing an  
18 outdated FDD to franchisee VS.

19 2. Also, Tile placed an incorrect place of business address in the January 2020  
20 FDD. The address for Tile is listed on the FDD Cover Page as 9779 Business Park Drive,  
21 Sacramento, California 95827. The correct address for the franchisor as Tile Liquidators is 9778  
22 Business Park Drive, Sacramento, California 95827. The franchisor argues that because the  
23 franchisor owned both businesses at each address (9779 and 9778), this error is irrelevant. This  
24 argument is futile and wholly incorrect as the franchisor is required by the Federal Trade  
25 Commission (16 C.F.R. §436.3 Cover Page) and the FIL to place the current principal business  
26 address of the franchisor for the particular franchise that is being offered for sale on the FDD. Tile  
27 made an untrue statement of material fact in stating that the address was 9779 instead of 9778.  
28 Therefore, Tile violated section 31201 again.

3. Finally, Tile failed to provide franchisee VS with Tile financial statements. Financial statements are material facts that must be disclosed to all franchisees in the sales process. A franchisee may not make a truly educated and meaningful decision whether to buy a franchise or not without this financial information. Tile failed to include this material information for franchisee VS consideration at the time of offering and/or selling a franchise, thereby omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Thus, Tile violated section 31201 for a third time.

G. Pursuant to section 31123, a franchisor shall promptly notify the Commissioner in writing of any material change in the information contained in the application as originally filed with the Commissioner.

1. On or about April 19, 2021, Tile, by way of Doug Disney and Mathew Murphy, executed a document with franchisee VS making material changes to the terms set forth in FIL App-17460, filed with the Commissioner, valid from July 15, 2020, to April 20, 2021. These terms were as follows: (1) “No royalty increases years 1-5 [sic]”; (2) “After year 5 – 5% annual increase can go in effect [sic]”; (3) Royalty to cap@ [sic] \$1800 during 15 year term [sic]”; (4) “6 months to open 1st store [sic] has been extended to 12 months [sic]”; (5) “no other Elk grove [sic] franchise sold until 6 months after store opens (you will be given first right of refusal) [sic]”; and (6) “No royalties for the 1st 60 [sic] days once opened [sic]” (collectively, New Terms).

2. The New Terms significantly and materially changed the royalty, territory, and store opening terms set forth in App-17460. As such, Tile was required to file a post-effective amendment, pursuant to section 31123. There was/is no record of Tile filing a post-effective amendment with the Department to disclose the New Terms. Therefore, Tile violated section 31123.

H. Pursuant to section 31109.1, an offer and sale of a franchise registered under sections 31111, 31121, or 31123, is exempt from section 31110, if a franchisor varies the terms of the offer and sale (Negotiated Sale), and complies with specific disclosure requirements set forth in the section and in California Code of Regulations, title 10, section 310.100.2.

1. A Negotiated Sale occurs when there is a sale of a franchise, and the terms of the franchise agreement are negotiated and differ from the standard franchise agreement filed in a

franchise application and offered to other franchisees. As previously stated, on or about April 19, 2021, Tile executed an addendum to the Tile franchise agreement varying the original terms of the franchise agreement set forth in App-17460 with the New Terms, thereby creating a “Negotiated Sale.”

2. When there is a Negotiated Sale, the franchisor is required by the FIL to disclose the negotiated terms to the Department and prospective franchisees. The Department has no record of any of the notice filings required by California Code of Regulations, title 10, section 310.100.2 and section 31109.1. Therefore, Tile has violated the Negotiated Sales requirements set forth in the FIL.

I. The Commissioner hereby finds as follows:

1. Tile, in at least one (1) instance, failed to maintain a complete set of books, records, and accounts, in violation of section 31150;

2. Tile offered and sold at least one (1) Tile franchise without being registered with the Commissioner or exempt, in violation of section 31110;

3. On at least one (1) occasion, Tile engaged in the sale of a Tile franchise without first providing a prospective franchisee with the FDD at least fourteen (14) days prior to the execution of a franchise agreement or receipt of consideration, in violation of section 31119;

4. On at least three (3) occasions, Tile included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 31201;

5. On at least one (1) occasion, Tile failed to file a post-effective amendment with the Department in violation of section 31123; and

6. On at least one (1) occasion, Tile failed to comply with Negotiated Sales requirements in violation of section 31109.1.

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

3 **II.**

4 **Terms and Conditions**

5 1. **Purpose.** This Consent Order resolves the issues set forth above before the  
6 Commissioner in a manner that avoids the expense of a hearing and other possible court  
7 proceedings, protects consumers, is in the public interest, and is consistent with the purposes and  
8 provisions of the applicable law.

9 2. **Desist and Refrain Order.** Pursuant to Corporations Code section 31406, Tile is  
10 hereby ordered to desist and refrain from the violations of Corporations Code sections 31150,  
11 31110, 31119, 31201, 31123, 31109.1, and any other provision of the FIL. The issuance of this  
12 order is necessary, in the public interest, for the protection of investors and is consistent with the  
13 purposes, policies, and provisions of the FIL.

14 3. **Penalties.** Pursuant to Corporations Code section 31406, Tile shall pay the  
15 Department administrative penalties in the amount of \$20,000 for at least eight (8) violations at  
16 \$2,500 per violation (Penalties) no later than fifteen (15) days after the Effective Date of this  
17 Consent Order as defined in paragraph 23 (Effective Date). The Penalties must be made payable in  
18 the form of a cashier's check or Automated Clearing House deposit to the Department and  
19 transmitted to the attention of Accounting-Legal at the Department of Financial Protection and  
20 Innovation, 651 Bannan Street, Suite 300, Sacramento, California 95811. Notice of the payment  
21 must be concurrently sent via email to [marisa.urteaga-watkins@dfpi.ca.gov](mailto:marisa.urteaga-watkins@dfpi.ca.gov). Failure to pay Penalties  
22 in a timely manner shall be deemed to be a material breach of this Consent Order.

23 4. **Offer of Contract Cancellation and Refund.** Tile agrees to offer to cancel the Tile  
24 franchise agreement with franchisee VS (Cancellation Offer) within thirty (30) days of the Effective  
25 Date of this Consent Order to franchisee VS, thereby canceling franchisee VS' franchise agreement  
26 with Tile. Tile shall provide franchisee VS with a refund in full of the following paid by franchisee  
27 VS to Tile: (1) All initial franchise fees; (2) Royalties; and (3) Deposits within thirty (30) days after  
28 the Effective Date of this Consent Order.

1 Any Tile franchise application filed with the Department for registration pursuant to the FIL  
2 will not be approved unless and until Tile has refunded all initial franchise fees, royalties and  
3 deposits as referenced above to franchisee VS. The form of Cancellation Offer shall be in the form  
4 approved by the Commissioner. No credits or benefits paid to, or received by, a franchisee VS shall  
5 offset any refund payment.

6 If the franchise agreement with franchisee VS has already been terminated by Tile by the date  
7 of the Consent Order, then Tile must still refund to franchisee VS in full the following paid by  
8 franchisee VS to Tile: (1) All initial franchise fees; (2) Royalties; and (3) Deposits within thirty (30)  
9 days after the Effective Date of this Consent Order.

10 Within thirty (30) days after the Effective Date, Tile shall submit to the Commissioner  
11 satisfactory documentation evidencing franchisee VS' receipt and response to the Cancellation Offer  
12 and proof of refund via email to Marisa I. Urteaga-Watkins, Esq., at marisa.urteaga-  
13 watkins@dfpi.ca.gov. Tile is responsible for ensuring that any refund payment owed to any  
14 franchisee VS that has not been cashed within one hundred eighty (180) days of the Effective Date  
15 of this Consent Order shall escheat to the State of California in accordance with the Unclaimed  
16 Property Law.

17 5. Remedial Education. Any Tile franchise application filed with the Department for  
18 registration pursuant to the FIL, will not be approved unless and until Tile has completed the  
19 following remedial education requirement: Within three (3) months of the Effective Date of this  
20 Consent Order, Tile agrees that the following class of persons are required to and will attend  
21 remedial education in each of their respective businesses: (1) All persons with direct management  
22 responsibility relating to the sale of franchises; (2) All persons who assist in preparing franchise  
23 materials (excluding outside lawyers and accountants); and (3) The person who certifies the accuracy  
24 of any Tile franchise disclosure document. Each of these people shall complete at least six (6) hours  
25 of continuing education offered by a Commissioner approved franchise attorney of franchises in  
26 California. Tile shall file proof of compliance, a certificate of completion with a sworn affidavit that  
27 each required Party completed the remedial education from the approved training provider to the  
28 Commissioner upon completion of the required remedial education. The affidavit shall be sent to the



1 attention of: Ms. Marisa I. Urteaga-Watkins, Senior Counsel, at marisa.urteaga-  
2 watkins@dfpi.ca.gov.

3 6. Waiver of Hearing Rights. Tile acknowledges that the Commissioner is ready,  
4 willing, and able to proceed with the filing of an administrative enforcement action on the charges  
5 contained in this Consent Order. Tile hereby waives the right to any hearings, and to any  
6 reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the  
7 Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any other provision of  
8 law. Tile further expressly waives any requirement for the filing of any accusation pursuant to  
9 Government Code section 11415.60, subdivision (b). By waiving such rights, Tile effectively  
10 consents to this Consent Order and all of its terms becoming final.

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

18 8. Information Willfully Withheld or Misrepresented. This Consent Order may be  
19 revoked, and the Commissioner may pursue any and all remedies available under law against Tile,  
20 if the Commissioner discovers that Tile knowingly or willfully withheld or misrepresented  
21 information used for and relied upon in this Consent Order.

22 9. Future Actions by Commissioner. If Tile fails to comply with any terms of the  
23 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
24 resolved by this Consent Order. The Commissioner reserves the right to bring any future actions  
25 against Tile, or any of its partners, owners, officers, shareholders, directors, employees, or successors  
26 for any and all unknown violations of the FIL or any other law under the Commissioner's  
27 jurisdiction.  
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1           10.    Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s  
2 ability to assist any other government agency (whether city, county, state, or federal) with any  
3 administrative, civil, or criminal action brought by that agency against Tile, or any other person  
4 based upon any of the activities alleged in this matter or otherwise.

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

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

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

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

25          15.    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 covenant  
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 16. Governing Law. This Consent Order will be governed by and construed in  
4 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such  
5 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
6 inconvenient forum to the maintenance of such action or proceeding in such court.

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

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

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

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

21 To Tile Liquidators: Richard D. Sopp, Esq.  
22 Wheatley, Sopp & Madsen, LLP  
23 2600 E. Bidwell Street, Suite 150  
24 Folsom, California 95630  
rds@wheatleysopp.com

25 To the Commissioner: Marisa I. Urteaga-Watkins, Esq.,  
26 Department of Financial Protection and Innovation  
27 651 Bannon Street, Suite 300  
28 Sacramento, California 95811  
marisa.urteaga-watkins@dfpi.ca.gov

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

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

23. 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 Tile’s agent, Richard D. Sopp, Esq., at rds@wheatleysopp.com.

24. 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: 10/16/2025

KHALIL MOHSENI  
Commissioner of Financial Protection  
and Innovation

By: \_\_\_\_\_  
COLLEEN MONAHAN  
Deputy Commissioner

Dated: 10/9/2025

TILE LIQUIDATORS FRANCHISOR, LLC.,  
doing business as TILE LIQUIDATORS, LLC.

By: \_\_\_\_\_  
DOUG DISNEY  
Managing Member