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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Hee Yang Joung, aka John H. Joung, President
JNM Group, Inc., doing business as Maru Cosmetics USA
3960 Wilshire Blvd., #403
Los Angeles, California, 90010

DESIST AND REFRAIN ORDER
(For violations of section 31110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Hee Yang Joung, also known as John H. Joung (hereinafter “Joung”), was the President of JNM Group, Inc., doing business as Maru Cosmetics USA (hereinafter “JNM/Maru”), a California corporation.

2. Joung and JNM/Maru operated a beauty cosmetics store in the Beverly Center in Los Angeles, California, located at 3960 Wilshire Blvd., #403, Los Angeles, California, 90010, selling beauty products.

3. Beginning in or around spring, 2005, Joung and JNM/Maru began proposing franchises in Maru Cosmetics, wherein investors would be granted a right to sell beauty cosmetics under the Maru Cosmetics name pursuant to a marketing strategy involving selling cosmetics to low to middle income consumers and specifically Hispanics. The product line was to feature in part Beauty Credit cosmetics, a product line manufactured by a Korean based company known as Somang Cosmetics and touted by Joung and JNM/Maru as one of the top three cosmetic companies in Korea.

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1 4. Somang Cosmetics operates a number of beauty cosmetic stores under the name of
2 Beauty Credit in a number of countries and currently sells the Beauty Credit line in the United States.

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5 5. Around July, 2005, Joung and JNM/Maru changed the name of the proposed franchise
6 to Beauty Credit and began offering and selling franchises in the name of Beauty Credit for a fee of
7 \$30,000 for the right to sell the Beauty Credit lines of cosmetics by Somang Cosmetics. The Beauty
8 Credit franchises were to be operated in a similar way as the Maru Cosmetics franchise under a
9 marketing plan subscribed in substantial part by Somang Cosmetics targeting low to middle income
10 consumers.

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12 6. Joung and JNM/Maru acted as subfranchisors of Somang Cosmetics, wherein Joung
13 and JNM/Maru would execute a property lease on behalf of the investor and would order Beauty
14 Credit products on the investor's behalf for an additional fee. Joung and JNM/Maru would also help
15 the investor obtain tenant improvements in the build out of the new store and secure for the investor
16 proper Beauty Credit equipment and sinage.

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18 7. Upon the opening of a Beauty Credit franchise, Somang Cosmetic executives from
19 Korea, along with Joung and JNM/Maru, would review the new store's merchandising for
20 compliance with the Somang marketing scheme.

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22 8. Joung and JNM/Maru's offers of franchises in California have not been registered under
23 the Franchise Investment Law and is not exempted under Chapter 1 of California Corporations Code
24 section 31100, et. seq.

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26 Based upon the foregoing findings, the California Corporations Commissioner is of
27 the opinion that Hee Yang Joung, aka John H. Joung and JNM Group, Inc., doing business as Maru
28 Cosmetics USA, are offering Beauty Credit franchises in California that are subject to registration

1 under the Franchise Investment Law without the offers first being registered and in violation of
2 Corporations Code section 31110. Pursuant to section 31402 of the Corporations Code, Hee Yang
3 Joung, aka John H. Joung and JNM Group, Inc., doing business as Maru Cosmetics USA, are hereby
4 ordered to desist and refrain from the further offer or sale of Beauty Credit franchises unless and until
5 the offers have been duly registered under the Franchise Investment Law. This Order is necessary, in
6 the public interest, for the protection of investors and consistent with the purposes, policies and
7 provisions of the Corporate Securities Law of 1968.

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9 Dated: February 27, 2007
10 Sacramento, California

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PRESTON DuFAUCHARD
California Corporations Commissioner

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By _____
Sharon A. Lueras
Lead Counsel
Enforcement Division

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