

MARY ANN SMITH
Deputy Commissioner
SEAN M. ROONEY
Assistant Chief Counsel
AFSANEH EGHBALDARI (State Bar No. 250107)
Counsel
Department of Business Oversight
1350 Front Street, Room 2034
San Diego, CA 92101
Telephone: (619) 645-3166
Facsimile: (619) 525-4045

Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	CITATION INCLUDING:
)	
THE CALIFORNIA COMMISSIONER OF)	(1) DESIST AND REFRAIN ORDER
BUSINESS OVERSIGHT,)	
)	(2) ASSESSMENT OF ADMINISTRATIVE
Complainant,)	PENALTIES
)	
v.)	(3) CLAIM FOR ANCILLARY RELIEF
)	AND COSTS
ONECLICK CLEANERS, INC., doing business)	
as ONECLICK CLEANERS,)	(Corp. Code §§ 31402, 31406, 31408)
)	
Respondent.)	

Jan Lynn Owen, the California Commissioner (“Commissioner”) of the Department of Business Oversight (“Department”), finds the following:

I. PARTIES

1. OneClick Cleaners Inc., doing business as OneClick Cleaners (“OneClick”), is a New York corporation with its place of business at 1585 McDonald Ave., Brooklyn, NY 11230.

2. The Commissioner is responsible for administering and enforcing the California Franchise Investment Law (“FIL”), and registering the offer and sale of franchises in California, pursuant to Corporations Code Section 31000 et seq.¹

¹ All further statutory references are to the Corporations Code unless otherwise indicated.

II. STATEMENT OF FACTS

3. OneClick offers franchisees operation of online integrated dry-cleaning, tailoring and other services under use of its service mark and marketing system.

4. From October 2011 to April 20, 2012, OneClick was registered with the Department to offer and sell franchises, in California. OneClick continued to offer and sell unit and master franchises, even after its registration with the Department expired on April 20, 2012.

5. From January 2013 to February 2014, OneClick offered and sold at least six unit franchises, in California, after its registration with the Department expired.

6. In or about July 2013 and June 2015, OneClick also offered and sold at least two Master Sales Franchise Agreements (“MSF Agreements”) to California residents. A master franchisee assists OneClick to generate interest in, make sales, and helps develop, service, and support unit franchisees within a defined territory.

7. From January 2013 to June 2015, OneClick had offered and sold six unit and two master franchises in the State of California after its registration with the Department had expired.

8. In or about October 2014, OneClick reapplied to register its franchise offering with the Department.

9. On or about March 18, 2015, the Department requested that OneClick disclose all franchises that it had offered and sold in California from April 2012 to 2015.

10. In or about April 2015, OneClick filed with the Department Notices of Violation showing that it had entered into agreements with six franchisees after its registration with the Department expired.

11. By July 16, 2015, OneClick had disclosed to the Department that it had offered and sold a total of six unit franchises and one master franchise after its registration with the Department expired.

12. A month prior to its last disclosure, in or about June 2015, OneClick had offered and sold a second master franchise in California. However, OneClick failed to notify the Department that it had offered and sold the second master franchise without registration.

///

1 13. In or about June 2016, the Department discovered the existence of the second master
2 franchise that was sold in June 2015. OneClick had failed to disclose the sale of the second master
3 franchise.

4 14. In addition, OneClick failed to provide a copy of the Disclosure Document relating
5 to a MSF Agreement to a prospective California master franchisee at least 14 days prior to the
6 execution of that agreement, or receiving consideration from that master franchisee.

7 15. In connection with the offer or sale of a MSF Agreement, OneClick failed to disclose
8 to a California master franchisee that it had sold at least two unit franchises within that master
9 franchisee's California territory.

10 **III. CITATION AND DESIST AND REFRAIN ORDER**
11 **VIOLATION OF CORPORATIONS CODE SECTION 31110**
12 **(Unregistered and Non-exempt Offer or Sale of Franchises)**

13 16. Section 31110 provides:

14 On and after April 15, 1971, it shall be unlawful for any person to offer
15 or sell any franchise in this state unless the offer of the franchise has
16 been registered under this part or exempted under Chapter 1
(commencing with Section 31100) of this part.

17 17. During the period of April 2013 to June 2015, OneClick offered and sold six unit
18 franchises and two master franchises, in California, that were subject to registration under the FIL
19 without the offers and/or sales first being registered, nor exempted.

20 18. Based upon the foregoing findings, the Commissioner is of the opinion that
21 OneClick engaged in the offer and sale of unit and master franchises in this state that are subject to
22 registration under the FIL without the offers first being registered or exempt, in violation of section
23 31110. Pursuant to sections 31402 and 31406, OneClick Cleaners, Inc., doing business as
24 OneClick Cleaners, is hereby cited and ordered to desist and refrain from the further offer or sale of
25 franchises unless and until the offers have been duly registered under the FIL or are otherwise
26 exempt.

27 19. This order is necessary, in the public interest, for the protection of investors and
28 franchisees and consistent with the purposes, policies and provisions of the FIL.

VIOLATION OF CORPORATIONS CODE SECTION 31119**(Failure to Provide a Franchise Disclosure Document to a Franchisee)**

20. Section 31119 provides:

It is unlawful to sell any franchise in this state that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the franchise.

21. Prior to July 11, 2013, OneClick failed to provide the required copy of the Disclosure Document to a California master franchisee before execution of the MSF Agreement or receiving consideration from the master franchisee.

22. Based upon the foregoing findings, the Commissioner is of the opinion that OneClick failed to provide the required copy of the Disclosure Document, in violation of section 31119. Pursuant to sections 31402 and 31406, OneClick Cleaners, Inc., doing business as OneClick Cleaners, is hereby cited and ordered to desist and refrain from failing to give franchise disclosure documents to franchisees within the time prescribed by section 31119.

23. This order is necessary, in the public interest, for the protection of investors and franchisees and consistent with the purposes, policies and provisions of the FIL.

VIOLATION OF CORPORATIONS CODE SECTION 31200**(Omission of a Material Fact to the Commissioner)**

24. Section 31200 provides:

It is unlawful for any person willfully to make any untrue statement of a material fact in any application, notice or report filed with the commissioner under this law, or willfully to omit to state in any such application, notice, or report any material fact which is required to be stated therein, or fail to notify the commissioner of any material change as required by Section 31123.

25. OneClick failed to disclose to the Department that it had offered and sold the second master franchise in California, in June 2015.

///

1 26. Based upon the foregoing findings, the Commissioner is of the opinion that
2 OneClick has willfully omitted to state a material fact in an application, notice or report filed with
3 the Commissioner, in violation of section 31200. Pursuant to sections 31402 and 31406, OneClick
4 Cleaners, Inc., doing business as OneClick Cleaners, is hereby cited and ordered to desist and
5 refrain from willfully making any untrue statement of material fact, or failing to disclose any
6 material fact in any application, notice or report filed with the Commissioner.

7 27. This order is necessary, in the public interest, for the protection of investors and
8 franchisees and consistent with the purposes, policies and provisions of the FIL.

9 **VIOLATION OF CORPORATIONS CODE SECTION 31201**

10 **(Omission of a Material Fact to Franchisee)**

11 28. Section 31201 provides:

12 It is unlawful for any person to offer or sell a franchise in this state by
13 means of any written or oral communication not enumerated in Section
14 31200 which includes an untrue statement of a material fact or omits to
15 state a material fact necessary in order to make the statements made, in
16 the light of the circumstances under which they were made, not
17 misleading.

18 29. During the period of July 2013, OneClick offered and sold a MSF Agreement in this
19 state by means of a written or oral communication which included an untrue statement of a material
20 fact or omitted to state a material fact necessary in order to make the statements made, in the light
21 of the circumstances under which they were made, not misleading, by failing to disclose to the
22 master franchisee the number of unit franchises that it had sold within that master franchisee's
23 California territory.

24 30. Based upon the foregoing findings, the Commissioner is of the opinion that
25 OneClick engaged in the offer and sale of franchises in this state by means of written or oral
26 communications which include an untrue statement of a material fact or omit to state a material fact
27 necessary in order to make the statements made, in light of the circumstances under which they
28 were made, not misleading, in violation of section 31201. Pursuant to sections 31402 and 31406,
OneClick Cleaners, Inc., doing business as OneClick Cleaners, is hereby cited and ordered to desist
and refrain from further offer or sale of franchises by means of written or oral communications

1 which include an untrue statement of material fact or omit to state a material fact necessary in order
2 to make the statements made, in light of the circumstances under which they were made, not
3 misleading.

4 31. This order is necessary, in the public interest, for the protection of investors and
5 franchisees and consistent with the purposes, policies and provisions of the FIL.

6 **IV. ADMINISTRATIVE PENALTIES**

7 32. Section 31406 provides:

8 (a) If, upon inspection or investigation, based upon a complaint or
9 otherwise, the commissioner has cause to believe that a person is
10 violating any provision of this division or any rule or order
11 promulgated pursuant to this division, the commissioner may issue a
12 citation to that person in writing describing with particularity the basis
13 of the citation. Each citation may contain an order to desist and refrain
14 and an assessment of an administrative penalty not to exceed two
15 thousand five hundred dollars (\$2,500) per violation and shall contain
16 reference to this section, including the provisions of subdivision (c).
17 All penalties collected under this section shall be deposited in the State
18 Corporations Fund.

19 (b) The sanctions authorized under this section shall be separate from,
20 and in addition to, all other administrative, civil, or criminal remedies.

21 (c) If within 60 days from the receipt of the citation, the person cited
22 fails to notify the commissioner that the person intends to request a
23 hearing as described in subdivision (d), the citation shall be deemed
24 final.

25 (d) Any hearing under this section shall be conducted in accordance
26 with Chapter 5 (commencing with Section 11500) of Part 1 of
27 Division 3 of Title 2 of the Government Code.

28 (e) After the exhaustion of the review procedures provided for in this
section, the commissioner may apply to the appropriate superior court
for a judgment in the amount of the administrative penalty and order
compelling the cited person to comply with the order of the
commissioner. The application shall include a certified copy of the
final order of the commissioner and shall constitute a sufficient
showing to warrant the issuance of the judgment and order.

33. Pursuant to section 31406, OneClick Cleaners, Inc., doing business as OneClick
Cleaners, is hereby ordered to pay an administrative penalty of \$2,500.00 for each of the eight
offers and sales of unregistered franchises, for failure to provide a franchise disclosure document
prior to the sale of a franchise, for failing to disclose a material fact to the Commissioner, and for

1 failing to disclose a material fact to a master franchisee, for the total amount of \$47,500.00. The
2 administrative penalty in the amount of \$47,500.00 shall be paid in the form of a cashier's check
3 payable to the "Department of Business Oversight" and submitted to the attention of Counsel
4 Afsaneh Eghbaldari, 1350 Front Street, Room 2034, San Diego, California 92101, within 60 days
5 from the date of this Citation.

6 34. If within 60 days from the receipt of the Citation, OneClick Cleaners, Inc., doing
7 business as OneClick Cleaners, fails to notify the Commissioner that it intends to request a hearing
8 as described in section 31406, subdivision (d), this Citation shall be deemed final.

9 **V. ANCILLARY RELIEF**

10 35. Section 31408 provides, in relevant part:

11 (a) If the commissioner determines it is in the public interest, the
12 commissioner may include in any administrative action brought under
13 this division, including a stop order, a claim for ancillary relief,
14 including, but not limited to, a claim for rescission, restitution or
15 disgorgement or damages on behalf of the persons injured by the act or
16 practice consulting the subject matter of the action, and the
administrative law judge shall have jurisdiction to award additional
relief. The person affected may be required to attend remedial
education, as directed by the commissioner.

17 36. Within 60 days from the date of this Citation, OneClick Cleaners, Inc., doing
18 business as OneClick Cleaners, is hereby ordered to send recession letters to all California
19 franchisees that entered into an agreement with OneClick, from April 20, 2012 through July 2016,
20 affording the California franchisees the right to rescind any contract for the purchase of a California
21 unit or master franchise. Proof of the recession letters sent to the California franchisees and the
22 California franchisees' responses shall be submitted to Counsel Afsaneh Eghbaldari, 1350 Front
23 Street, Room 2034, San Diego, California 92101, within 60 days from the date of this Citation.

24 37. OneClick Cleaners, Inc., doing business as OneClick Cleaners, is hereby ordered to
25 pay restitution, in the amount of the full franchise fee collected from each unit and master
26 franchisee, to all California franchisees that entered into an agreement with OneClick from April
27 20, 2012 through July 2016. Proof of restitution payment shall be submitted to Counsel Afsaneh
28 Eghbaldari, 1350 Front Street, Room 2034, San Diego, California 92101, within 60 days from the

1 date of this Citation.

2 38. OneClick Cleaners, Inc., doing business as OneClick Cleaners, shall provide the
3 Commissioner a report of the restitution, as set forth in paragraph 37, above, paid to each franchisee.
4 The report shall include the following for each and every unit and master franchisee: (i) franchisee's
5 name; (ii) the full franchise fee collected from the franchisee; (iii) restitution amount paid to the
6 franchisee; and (iv) date restitution payment was made to the franchisee. The report shall be
7 submitted to the Commissioner, within 60 days from the date of this Citation.

8 39. Within 60 days from the date of this Citation, all officers, directors, representatives
9 and persons employed by OneClick who assist in preparing franchise registrations or who assist in
10 franchise selling are hereby required to attend remedial education, which shall consist of eight hours
11 of franchise law training courses per person offered by instructors that are acceptable to the
12 Department. Proof of attendance of the remedial education shall be submitted to Counsel Afsaneh
13 Eghbaldari, 1350 Front Street, Room 2034, San Diego, California 92101, within 60 days from the
14 date of this Citation.

15 40. Within 60 days from the date of this Citation, OneClick Cleaners, Inc., doing
16 business as OneClick Cleaners, is hereby ordered to submit the following to the Department for
17 approval:

18 a. A Notice of Violation for each franchise that OneClick has offered and sold
19 in California from April 20, 2012 through July 2016, written pursuant to section 31300 and
20 California Code of Regulations, title 10, section 310.303, to reflect its violations of sections 31110,
21 31119, and 31200;

22 b. A Notice of Violation for each franchise that OneClick has offered and sold
23 in California from April 20, 2012 through July 2016, written pursuant to section 31301 and
24 California Code of Regulations, title 10, section 310.304, to reflect its violation of section 31201;

25 c. A current franchise disclosure document pertaining to unit franchises; and

26 d. A current franchise disclosure document pertaining to area representative or
27 master franchises.

28 ///

VI. ATTORNEY'S FEES

41. Pursuant to section 31408, OneClick Cleaners, Inc., doing business as OneClick Cleaners, is hereby ordered to pay attorney's fees to the Department of Business Oversight in the amount of \$12,567.00, or according to proof, within 60 days from the date of this Citation. The amount for attorney's fees shall be made in the form of a cashier's check payable to the "Department of Business Oversight" and submitted to the attention of Counsel Afsaneh Eghbaldari, 1350 Front Street, Room 2034, San Diego, California 92101, within 60 days from the date of these orders.

Dated: July 20, 2016
Sacramento, California

JANN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division