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STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: World Coffee Kiosk, LLC d/b/a The Café
Eugene Chun
1804 E. 8th Street
Los Angeles, California 90021

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

The Commissioner of Business Oversight (“Commissioner”) finds that:

1. World Coffee Kiosk, LLC d/b/a The Café (“World Coffee Kiosk”) was established as a California limited liability company on April 29, 2011, with a principal place of business at 1804 E. 8th Street, Los Angeles, California 90021. Its corporate status is currently suspended by the Franchise Tax Board.

2. Eugene Chun (“Chun”) a natural person, a resident of Georgia, and former resident of California, is and was at all relevant times, the principal control person of World Coffee Kiosk.

3. The Commissioner is the head of the Department of Business Oversight and is responsible for administering and enforcing the Franchise Investment Law (“FIL”) (Corp. Code, §§ 31000 et seq.). Under the FIL, it is unlawful to offer or sell any franchise in the State of California unless the offer has been registered, or is exempt from registration.

4. On or around January 24, 2013, Chun, on behalf of World Coffee Kiosk, offered and sold a franchise to J.K. in California, pursuant to a written agreement granting the right to operate a coffee kiosk under the trademark, “The Café”.

5. The Commissioner finds that the business World Coffee Kiosk offered and sold as stated in the agreement constituted a franchise within the meaning of Corporations Code section 31005. The agreement provided that J.K. would offer and sell approved coffee beverages, food products and related merchandise under the “The Café” trademark in an assigned territory, use

1 approved signage and advertising, and operate under World Coffee Kiosk’s “distinctive plan for the
2 operation of retail kiosks,” as expressed in the Operations Manual, and in accordance with World
3 Coffee Kiosk’s policies, standards, and procedures. For example, under the agreement, the
4 franchisee was required to remain open during set business hours, purchase and use a point of sale
5 (“POS”) system similar to the system used at other locations, attend and successfully complete
6 training, and pay a monthly royalty fee.

7 6. The agreement further provided World Coffee Kiosk with approval and management
8 rights. For example, under the agreement, World Coffee Kiosk could change the franchise location
9 at any time.

10 7. In consideration for the right to operate the kiosk, J.K. paid an initial fee in the
11 amount of at least \$25,000.00.

12 8. World Coffee Kiosk’s offer and sale of the business to J.K. was not registered as a
13 franchise under the FIL and the Commissioner finds that it was not exempt under Chapter 1,
14 beginning with Corporations Code section 31100.

15 9. Based on the foregoing findings, the Commissioner is of the opinion that World
16 Coffee Kiosk has engaged in the offer and sale of a franchise in this state that was subject to
17 registration under the FIL without the offer being registered, in violation of Corporations Code
18 section 31110.

19 10. Under Corporations Code section 31402, World Coffee Kiosk, LLC is hereby ordered
20 to desist and refrain from the further offer or sale of franchises in California unless and until the
21 offers have been duly registered under the Franchise Investment Law, or are exempt.

22 This Order is necessary, in the public interest, for the protection of franchisees and consistent
23 with the purposes, policies and provisions of the Franchise Investment Law.

24 Dated: April 21, 2016
25 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

26
27 By _____
28 Mary Ann Smith
Deputy Commissioner

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Enforcement Division