

DEPARTMENT OF CORPORATIONS*Business Services and Consumer and Investor Protection***JAN LYNN OWEN****California Corporations Commissioner****MEDIA RELEASE****For Immediate Release**

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**California Department of Corporations Sanctions
Restaurant Franchising Scam**

SACRAMENTO, CA (August 9, 2012) – The California Department of Corporations has issued sanctions against Pho Citi Franchising Company and its two principals for violations of the state Franchising law. The sanctions include penalties payable to the state and orders of restitution of \$280,000 for at least four previous franchisees.

Pho Citi Franchising Company is in the business of offering and selling franchises for Vietnamese-style restaurants in the Los Angeles area. Myong Bok Lee (aka Jason Lee) and Kyung Park (aka Sandra Park) are officers of Pho Citi.

The California Department of Corporations is responsible for administering and enforcing the California Franchise Investment Law, and registering the offer and sale of franchises in California. To register a franchise, a franchisor must file a disclosure known as a Uniform Franchise Disclosure Document with the Department for review and approval. The Department reviews the disclosure document to help protect prospective franchisees from misrepresentation by franchisors.

“As the regulator of franchising in California, the Department of Corporations oversees disclosure requirements to provide complete and accurate information about the franchisor and its franchise offering to the prospective franchise, prior to a purchase decision,” said Corporations Commissioner Jan Lynn Owen. “In this case, we are able to seek restitution to franchisees that were provided misleading and inaccurate information.”

The Department’s actions against Pho Citi include a Desist & Refrain order preventing the company and its principals from violating several provisions of the California Franchise Investment Law. Additionally, Lee, Park and Pho Citi are ordered to pay restitution to four franchisees in an amount of \$280,000. They are also ordered to pay the Department an administrative penalty of \$87,500 and attorney’s fees of \$10,000.

The Department’s action specifically alleges that Pho Citi and its principals committed multiple violations of state law by misrepresenting facts to the Department and prospective franchisees. Moreover, they failed to disclose important information including civil lawsuits that had been filed against the company. They also failed to provide disclosure documents to prospective franchisees, and failed to register the franchise with the Department.

Documentation on this enforcement action may be viewed at the Department website at http://www.corp.ca.gov/ENF/pdf/2012/PhoCitiFranchisingCo_dr.pdf.

The Department of Corporations is California's investment and financing authority and is responsible for the regulation, enforcement, and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, payday lenders, check sellers, bill payers, and debt reduction services. Consumers should contact the Department to check on the status of the companies, investments or other services they are considering and the licensing status of the person at the Department's toll-free Consumer Services Office at 1-866-ASK-CORP (1-866-275-2677) or at www.corp.ca.gov.

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