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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11	In the Matter of:)	FIL ORG ID: 324721
12	THE COMMISSIONER OF BUSINESS)	CITATION INCLUDING:
13	OVERSIGHT,)	(1) DESIST AND REFRAIN ORDER;
14	Complainant,)	(2) ASSESSMENT OF
15	v.)	ADMINISTRATIVE PENALTIES;
16	FORTUNE JOURNEY LLC dba)	(3) CLAIM FOR ANCILLARY RELIEF
17	YI FANG TAIWAN FRUIT TEA; and)	(Corp. Code §§ 31406 and 31408)
18	ROY LAM,)	
19	Respondents.)	

20 The Complainant, the Commissioner of Business Oversight (Commissioner), of the
21 Department of Business Oversight (Department), finds the following:

22 **I.**
23 **Introduction**

24 1. Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea (Fortune Journey) was
25 organized on or around January 2, 2018 as a California limited liability company with a principal
26 place of business located at 2516 Bancroft Way, Berkeley, California 94704. Fortune Journey also
27 maintains a website at yifangteausa.com.
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1 Corporations Code section 31115 (Stop Order). The Stop Order denied the effectiveness of the
 2 2019 Application for the offer and sale of Yi Fang Taiwan Fruit Tea franchises by Fortune Journey.

3 7. As of November 15, 2019, Fortune Journey and Lam complied with the Citation. As
 4 of December 20, 2019, the offer or sale of Yi Fang Taiwan Fruit Tea franchises by Fortune Journey
 5 is not registered and the Stop Order denying the effectiveness of the 2019 Application remains in
 6 effect.

7 **III.**
 8 **Violations of Corporations Code Sections 31110 and 31119 by Fortune Journey and Lam, and**
 9 **Violations of the 2011 Desist and Refrain Order by Lam**

10 A. Corporations Code Section 31110 and 2011 Desist and Refrain Order

11 8. On or around October 11, 2019, Fortune Journey disclosed to the Commissioner for
 12 the first time that from in or around October 2018 through July 2019 it and Lam made unregistered
 13 offers or sales of Yi Fang Taiwan Fruit Tea franchises to at least 10 California entities and/or
 14 residents (Unit Franchisee(s)) without exemption from the registration requirement, in violation of
 15 Corporations Code section 31110, as follows:

	Unit Franchisee	City of Business / Residence	Date of Unit Franchise Agreement and/or Letter of Intent
16	1. Millbrae	Millbrae, CA 94030	October 9, 2018
17	2. Chinatown	San Francisco, CA 94108	January 4, 2019
18	3. Colma	Colma, CA 94104	January 4, 2019
19	4. Fremont	Castro Valley, CA 94546	January 22, 2019
20	5. Stonestown	San Francisco, CA 94132	January 24, 2019
21	6. Irving	San Francisco, CA 94122	February 9, 2019
22	7. Alameda	San Francisco, CA 94122	March 15, 2019
23	8. Milpitas	Milpitas, CA 95035	April 19, 2019
24	9. San Jose	San Jose, CA 95129	May 15, 2019
25	10. Mountain View	Mountain View, CA 94041	July 11, 2019

26 9. Fortune Journey disclosed that it and Lam entered into Unit Franchise agreements,
 27 including but not limited to, a “Letter of Intent,” that stated, in relevant part:

28 This Letter of Intent outlines some of the basic terms and conditions under
 which you would be considered as franchisee for Yifang Fruit Tea
 business concept contingent upon Fortune Journey LLC successfully

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obtained the California State franchise approval . . . Initial Franchisee Fee: \$30,000 one time only (non-refundable), payable upon FDD document is available . . . Consulting and Training Fee . . . for initial business consultation and 10 days Training (non-refundable) . . . Monthly Royalty Fee: 6% of Gross Sales payable monthly . . . Monthly Trademark Fee . . . [t]he franchise agreement would be for 3 years . . . [s]hall the FDD experience delayed while the store is ready to open for business, you are allowed to operate while waiting for the FDD. Franchise fee, royalty fee, and trademark fee owed will be accounted and be paid when FDD is signed . . . Sincerely, Roy Lam & Stanley Wong, Members of Fortune Journey LLC. (Letter(s) of Intent).

10. Each Letter of Intent was dated and signed by a Unit Franchisee. In addition, as of December 16, 2019, Fortune Journey’s website at yifangteausa.com disclosed that Unit Franchisees in Millbrae, Chinatown, Colma, and Stonestown, California were all operating.

11. The Letters of Intent contained an offer or sale of a franchise within the meaning of Corporations Code section 31005.

12. The Unit Franchise agreements offered or sold by Fortune Journey and Lam, including but not limited to the Letters of Intent, are not registered under the FIL and not exempt from the registration requirement, in violation of Corporations Code section 31110. Furthermore, these unregistered offers or sales by Lam constitute violations of the 2011 Desist and Refrain Order and Corporations Code section 31203.

B. Corporations Code Section 31119(a)

13. On or around December 10, 2019, Fortune Journey and Lam disclosed to the Commissioner that they collected consideration in the form of a “Consulting and Training Fee” from at least eight Unit Franchisees without first providing a copy of the FDD 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, in violation of Corporations Code section 31119, subdivision (a), as follows:

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	Unit Franchisee	Consulting and Training Fee	Date(s) of Receipt
1.	Millbrae	\$20,000.00	October 9, 2018
2.	Colma	\$20,000.00	January 4 and 18, 2019
3.	Fremont	\$20,000.00	January 22, 2019
4.	Alameda	\$10,000.00	March 15, 2019
5.	Irving	\$40,000.00	March 30, 2019
6.	Milpitas	\$40,000.00	April 19, 2019
7.	San Jose	\$40,000.00	May 15, 2019
8.	Mountain View	\$40,000.00	July 18, 2019

14. Furthermore, on or around November 12, 2019, Fortune Journey and Lam disclosed to the Commissioner that on or around February 13, 2018, Inkism International Co., Ltd. (Inkism-Taiwan) and the Unit Franchisee, Stonestown, executed a Yi Fang Taiwan Fruit Tea Franchise Agreement. On or around February 20, 2019, Inkism-Taiwan, Fortune Journey, and Alan Yu Chang, the Chief Executive Officer of Stonestown (Chang), executed a “Franchise Transfer Agreement,” which stated, in relevant part:

This Cooperation Agreement (the “Agreement”) is made as of February 20, 2019 . . . among Inkism International Co., Ltd. . . . Fortune Journey . . . and Allen Yu Chang (sic) . . . Inkism-Taiwan . . . and Chang executed a Franchise Agreement . . . Inkism-Taiwan executed an Area Development Agreement with Fortune [Journey] thereafter and Fortune [Journey] becomes the Area Developer of North California . . . The Parties Agree that Original Franchise Agreement executed between Inkism-Taiwan and Chang shall be terminated immediately, all rights and obligations mandated in the Original Franchise Agreement shall be assumed by New Franchise Agreement executed between Fortune [Journey] and Chang. The initial franchise fee, deposit, and all other relevant fees shall be transferred from Inkism-Taiwan to Fortune, and the fees hereof shall be used as a replacement to fees Chang owes to Fortune [Journey] in accordance to the New Franchise Agreement (Fortune Transfer Agreement).

15. The Fortune Transfer Agreement was signed by Inkism-Taiwan, Lam as Member on behalf of Fortune Journey, and Chang, Chief Executive Officer of Stonestown. Furthermore, the Letter of Intent executed on or around April 30, 2019 by Lam and Stanley Wong, as Members of Fortune Journey, and Chang on behalf of Stonestown stated, in relevant part, “Franchise terms to be continued per agreement signed on 2/13/2018 between Alan Chang and Inkism International”

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16. Moreover, the Letter of Intent executed on or around January 4, 2019 by Lam and Stanley Wong, as Members of Fortune Journey, and the Unit Franchisee, Chinatown, charged a Consulting and Training Fee of \$30,000.00, Initial Franchisee Fee of \$30,000.00, a Monthly Royalty Fee of 6% of Gross Sales payable monthly, and a Monthly Trademark Fee of \$300.00 per month, and stated, in relevant part, “Shall the FDD experience delayed while the store is ready to open for business, you are allowed to operate while waiting for the FDD. Franchise fee, royalty fee, and trademark fee owed will be accounted and be paid when FDD is signed” This Letter of Intent did not provide for deferred payment of any Consulting and Training Fee. As of December 16, 2019, Fortune Journey’s website at yifangteausa.com disclosed Unit Franchisee, Chinatown, as one of its open and operating locations.

17. Fortune Journey and Lam did not first provide a copy of the FDD to at least ten Unit Franchisees at least 14 days prior to the execution of any binding franchise or other agreement, or prior to the receipt of any consideration, whichever occurs first, in violation of Corporations Code section 31119, subdivision (a), as follows: Millbrae, Chinatown, Colma, Fremont, Stonestown, Irving, Alameda, Milpitas, San Jose, and Mountain View.

IV.
Citations Including Desist and Refrain Orders

18. Corporations Code section 31110 states:
- On and after April 15, 1971, it shall be unlawful for any person to *offer or sell* any franchise in this state unless the offer of the franchise has been registered under this part or exempted under Chapter 1 (commencing with Section 31100) of this part. (Emphasis applied.)
19. Corporations Code section 31119, subdivision (a) states:
- (a) 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 sale of the franchise. (Emphasis applied.)

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20. Corporations Code section 31203 states:

It is unlawful for any person to violate *any order of the commissioner* or condition to the effectiveness of the registration of the offer or sale of franchises. (Emphasis applied.)

21. Corporations Code section 31402 states:

If, in the opinion of the commissioner, the offer of any franchise is subject to registration under this law and it is being, or it has been, offered for sale without the offer first being registered, the commissioner may order the franchisor or offeror of that franchise to desist and refrain from the further offer or sale of that franchise unless and until the offer has been duly registered under this law. If, after that order has been made, a request for a hearing is filed in writing within 60 days from the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all of the powers granted under that chapter. Unless that hearing is commenced within 15 business days after the request is made (or the person affected consents to a later date), the order shall be deemed rescinded.

If that person fails to file a written request for a hearing within 60 days from the date of service of the order, the order shall be deemed a final order of the commissioner and shall not be subject to review by any court or agency, notwithstanding Section 31501.

22. Corporations Code section 31406 states:

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

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

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

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

(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.

23. Based upon the foregoing findings, the Commissioner is of the opinion that from in or around October 2018 through July 2019 Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea and Roy Lam engaged in the offer or sale of Yi Fang Taiwan Fruit Tea franchises in this state that are subject to registration under the Franchise Investment Law without the offers or sales first being registered or exempt, in violation of Corporations Code section 31110. Pursuant to Corporations Code section 31402, Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea is hereby cited and ordered to desist and refrain from the further offer or sale of franchises unless and until the offers or sales have been duly registered under the Franchise Investment Law or are otherwise exempt.

24. Based upon the foregoing findings, the Commissioner is of the opinion that Roy Lam violated Corporations Code section 31203 by violating the 2011 Desist and Refrain Order. Pursuant to Corporations Code section 31406, Roy Lam is hereby cited and ordered to desist and refrain from the further violation of Corporations Code section 31203.

25. Based upon the foregoing findings, the Commissioner is of the opinion that from in or around October 2018 through July 2019 Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea and Roy Lam sold franchises in this state that were 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 sale of the franchise, in violation of Corporations Code section 31119, subdivision (a). Pursuant to Corporations Code section 31406, Fortune

1 Journey LLC dba Yi Fang Taiwan Fruit Tea and Roy Lam are hereby cited and ordered to desist
2 and refrain from the further sale of franchises in this state that are subject to registration under this
3 law without first providing to the prospective franchisee, at least 14 days prior to the execution by
4 the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to
5 the receipt of any consideration, whichever occurs first, a copy of the franchise disclosure
6 document, together with a copy of all proposed agreements relating to the sale of the franchise.

7 26. 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 Franchise Investment
9 Law.

10 **V.**
11 **Administrative Penalties**

12 27. Pursuant to Corporations Code section 31406, Fortune Journey LLC dba Yi Fang
13 Taiwan Fruit Tea and Roy Lam are hereby assessed and ordered, jointly and severally, to pay an
14 administrative penalty of \$2,500.00 for each of 20 citations, Citations A through T, totaling
15 \$50,000.00, as follows:

16 28. **CITATION A:** On or around October 9, 2018, Fortune Journey LLC dba Yi Fang
17 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
18 franchise to an entity or individual in **Millbrae, California (Millbrae)**, without exemption from the
19 registration requirement, constituting a violation of Corporations Code sections 31110 and 31203 by
20 Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

21 29. **CITATION B:** On or around October 9, 2018, Fortune Journey LLC dba Yi Fang
22 Taiwan Fruit Tea and Roy Lam sold a franchise in **Millbrae, California (Millbrae)** that was subject
23 to registration under the Franchise Investment Law without first providing to the prospective
24 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
25 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
26 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
27 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
28 subdivision (a).

1 30. **CITATION C:** On or around January 4, 2019, Fortune Journey LLC dba Yi Fang
2 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
3 franchise to an entity or individual in **San Francisco, California (Chinatown)**, without exemption
4 from the registration requirement, constituting a violation of Corporations Code sections 31110 and
5 31203 by Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

6 31. **CITATION D:** On or around January 4, 2019, Fortune Journey LLC dba Yi Fang
7 Taiwan Fruit Tea and Roy Lam sold a franchise in **San Francisco, California (Chinatown)** that
8 was subject to registration under the Franchise Investment Law without first providing to the
9 prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any
10 binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration,
11 whichever occurs first, a copy of the franchise disclosure document, together with a copy of all
12 proposed agreements relating to the sale of the franchise, in violation of Corporations Code section
13 31119, subdivision (a).

14 32. **CITATION E:** On or around January 4, 2019, Fortune Journey LLC dba Yi Fang
15 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
16 franchise to an entity or individual in **Colma, California (Colma)**, without exemption from the
17 registration requirement, constituting a violation of Corporations Code sections 31110 and 31203 by
18 Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

19 33. **CITATION F:** On or around January 4 and 18, 2019, Fortune Journey LLC dba Yi
20 Fang Taiwan Fruit Tea and Roy Lam sold a franchise in **Colma, California (Colma)** that was
21 subject to registration under the Franchise Investment Law without first providing to the prospective
22 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
23 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
24 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
25 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
26 subdivision (a).

27 34. **CITATION G:** On or around January 22, 2019, Fortune Journey LLC dba Yi Fang
28 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea

1 franchise to an entity or individual in **Fremont, California (Fremont)**, without exemption from the
2 registration requirement, constituting a violation of Corporations Code sections 31110 and 31203 by
3 Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

4 35. **CITATION H:** On or around January 22, 2019, Fortune Journey LLC dba Yi Fang
5 Taiwan Fruit Tea and Roy Lam sold a franchise in **Fremont, California (Fremont)** that was subject
6 to registration under the Franchise Investment Law without first providing to the prospective
7 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
8 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
9 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
10 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
11 subdivision (a).

12 36. **CITATION I:** On or around January 24, 2019, Fortune Journey LLC dba Yi Fang
13 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
14 franchise to an entity or individual in **San Francisco, California (Stonestown)**, without exemption
15 from the registration requirement, constituting a violation of Corporations Code sections 31110 and
16 31203 by Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

17 37. **CITATION J:** In or around February 2019, Fortune Journey LLC dba Yi Fang
18 Taiwan Fruit Tea and Roy Lam sold a franchise in **San Francisco, California (Stonestown)** that
19 was subject to registration under the Franchise Investment Law without first providing to the
20 prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any
21 binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration,
22 whichever occurs first, a copy of the franchise disclosure document, together with a copy of all
23 proposed agreements relating to the sale of the franchise, in violation of Corporations Code section
24 31119, subdivision (a).

25 38. **CITATION K:** On or around February 9, 2019, Fortune Journey LLC dba Yi Fang
26 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
27 franchise to an entity or individual in **San Francisco, California (Irving)**, without exemption from
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1 the registration requirement, constituting a violation of Corporations Code sections 31110 and 31203
2 by Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

3 39. **CITATION L:** On or around March 30, 2019, Fortune Journey LLC dba Yi Fang
4 Taiwan Fruit Tea and Roy Lam sold a franchise in **San Francisco, California (Irving)** that was
5 subject to registration under the Franchise Investment Law without first providing to the prospective
6 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
7 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
8 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
9 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
10 subdivision (a).

11 40. **CITATION M:** On or around March 15, 2019, Fortune Journey LLC dba Yi Fang
12 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
13 franchise to an entity or individual in **San Francisco, California (Alameda)**, without exemption
14 from the registration requirement, constituting a violation of Corporations Code sections 31110 and
15 31203 by Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

16 41. **CITATION N:** On or around March 15, 2019, Fortune Journey LLC dba Yi Fang
17 Taiwan Fruit Tea and Roy Lam sold a franchise in **San Francisco, California (Alameda)** that was
18 subject to registration under the Franchise Investment Law without first providing to the prospective
19 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
20 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
21 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
22 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
23 subdivision (a).

24 42. **CITATION O:** On or around April 19, 2019, Fortune Journey LLC dba Yi Fang
25 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
26 franchise to an entity or individual in **Milpitas, California (Milpitas)**, without exemption from the
27 registration requirement, constituting a violation of Corporations Code sections 31110 and 31203 by
28 Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

1 43. **CITATION P:** On or around April 19, 2019, Fortune Journey LLC dba Yi Fang
2 Taiwan Fruit Tea and Roy Lam sold a franchise in **Milpitas, California (Milpitas)** that was subject
3 to registration under the Franchise Investment Law without first providing to the prospective
4 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
5 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
6 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
7 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
8 subdivision (a).

9 44. **CITATION Q:** On or around May 15, 2019, Fortune Journey LLC dba Yi Fang
10 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
11 franchise to an entity or individual in **San Jose, California (San Jose)**, without exemption from the
12 registration requirement, constituting a violation of Corporations Code sections 31110 and 31203 by
13 Roy Lam and a violation of Corporations Code section 31110 by Fortune Journey LLC.

14 45. **CITATION R:** On or around May 15, 2019, Fortune Journey LLC dba Yi Fang
15 Taiwan Fruit Tea and Roy Lam sold a franchise in **San Jose, California (San Jose)** that was subject
16 to registration under the Franchise Investment Law without first providing to the prospective
17 franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding
18 franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever
19 occurs first, a copy of the franchise disclosure document, together with a copy of all proposed
20 agreements relating to the sale of the franchise, in violation of Corporations Code section 31119,
21 subdivision (a).

22 46. **CITATION S:** On or around July 11, 2019, Fortune Journey LLC dba Yi Fang
23 Taiwan Fruit Tea and Roy Lam made an unregistered offer or sale of a Yi Fang Taiwan Fruit Tea
24 franchise to an entity or individual in **Mountain View, California (Mountain View)**, without
25 exemption from the registration requirement, constituting a violation of Corporations Code sections
26 31110 and 31203 by Roy Lam and a violation of Corporations Code section 31110 by Fortune
27 Journey LLC.

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1 47. CITATION T: On or around July 18, 2019, Fortune Journey LLC dba Yi Fang
2 Taiwan Fruit Tea and Roy Lam sold a franchise in **Mountain View, California (Mountain View)**
3 that was subject to registration under the Franchise Investment Law without first providing to the
4 prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any
5 binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration,
6 whichever occurs first, a copy of the franchise disclosure document, together with a copy of all
7 proposed agreements relating to the sale of the franchise, in violation of Corporations Code section
8 31119, subdivision (a).

9 48. Pursuant to Corporations Code section 31406, the total administrative penalty of
10 \$50,000.00 shall be due within 60 days of receipt of Citations A through T above and shall be made
11 payable to the Commissioner in the form of a cashier’s check or Automated Clearing House deposit
12 to “Department of Business Oversight” and transmitted to the attention of: Accounting –
13 Enforcement Division, California Department of Business Oversight, 1515 K Street, Suite 200,
14 Sacramento, California 95814, contemporaneously with notice of transmittal to Sophia C. Kim at
15 Sophia.Kim@dbo.ca.gov.

16 **VI.**
17 **Order for Ancillary Relief**

18 49. Corporations Code section 31408 states, in relevant part:
19 (a) If the commissioner determines it is in the public interest, the
20 commissioner may include in any administrative action brought under this
21 division, including a stop order, a claim for ancillary relief, including, but
22 not limited to, a claim for rescission, restitution or disgorgement or
23 damages on behalf of the persons injured by the act or practice
24 constituting the subject matter of the action, and the administrative law
25 judge shall have jurisdiction to award additional relief

26 50. From in or around October 2018 through July 2019, Fortune Journey and Lam made
27 unregistered offers or sales of Yi Fang Taiwan Fruit Tea franchises to at least the following 10 Unit
28 Franchisees: Millbrae, Chinatown, Colma, Fremont, Stonestown, Irving, Alameda, Milpitas, San
Jose, and Mountain View.

1 51. Within 30 days of the date of this order, pursuant to Corporations Code section
2 31408, subdivision (a), Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea and Roy Lam are
3 hereby ordered to submit to the Commissioner for review and approval proposed offer(s) to rescind
4 any and all unregistered offers or sales of Yi Fang Taiwan Fruit Tea franchises and to refund any
5 and all consideration received pursuant thereto, to each Unit Franchisee (Rescission Offer(s)).

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7 **VII.**
8 **Notices of Violation Pursuant to Corporations Code Section 31303**

9 52. Within 30 days of the date of this order, pursuant to Corporations Code section
10 31408, subdivision (a), Fortune Journey LLC dba Yi Fang Taiwan Fruit Tea and Roy Lam are
11 hereby ordered to comply with Corporations Code section 31303 and California Code of
12 Regulations, title 10, section 310.303 by submitting to the Commissioner the following for review
13 and approval:

- 14 a. An application to approve a form of the Notice of Violation to serve upon each Unit
15 Franchisee individually for violating Corporations Code section 31110;
16 b. A complete and updated FDD that discloses, at a minimum, all prior orders by the
17 Commissioner to Fortune Journey and Lam, including this citation.

18 53. The items in Paragraph 52 above shall be addressed to the attention of: Lulu Gomez,
19 Senior Counsel, Securities Regulation / Legal Division, Department of Business Oversight, 320
20 West 4th Street, Suite 750, Los Angeles, California 90013-2344, Lulu.Gomez@dbo.ca.gov.

21 54. Within 30 days of the Commissioner’s approval of the Rescission Offers and Notices
22 of Violation, including the complete and updated FDD, Fortune Journey LLC dba Yi Fang Taiwan
23 Fruit Tea and Roy Lam shall serve each Unit Franchisee with (i) the approved Rescission Offer, (ii)
24 a copy of this citation, (iii) the Notice of Violation, and (iv) the complete and updated FDD.

25 55. Within 45 days of the Commissioner’s approval of the Rescission Offers and Notices
26 of Violation, including the complete and updated FDD, Fortune Journey LLC dba Yi Fang Taiwan
27 Fruit Tea and Roy Lam shall submit to the Commissioner proof(s) of service of (i) the approved
28 Rescission Offer, (ii) a copy of this citation, (iii) the Notice of Violation, and (iv) the complete and
updated FDD (Proof(s) of Service). The Proof(s) of Service shall be sent to the attention of: Sophia

1 C. Kim, Senior Counsel, Enforcement Division, Department of Business Oversight, 320 West 4th
2 Street, Suite 750, Los Angeles, California 90013, Sophia.Kim@dbo.ca.gov.

3 56. Within 30 days of the date on the Proof(s) of Service, Fortune Journey LLC dba Yi
4 Fang Taiwan Fruit Tea and Roy Lam shall submit to the Commissioner satisfactory documentation
5 evidencing each Unit Franchisee’s response to the Rescission Offer. The documentation of each
6 Unit Franchisee’s response shall be sent to the attention of: Sophia C. Kim, Senior Counsel,
7 Enforcement Division, Department of Business Oversight, 320 West 4th Street, Suite 750, Los
8 Angeles, California 90013, Sophia.Kim@dbo.ca.gov.

9 This order is necessary, in the public interest, for the protection of investors and franchisees
10 and consistent with the purposes, policies, and provisions of the Franchise Investment Law.

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12 Dated: December 31, 2019
13 Los Angeles, California

14 MANUEL P. ALVAREZ
15 Commissioner of Business Oversight

16 By _____
17 MARY ANN SMITH
18 Deputy Commissioner
19 Enforcement Division
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