

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

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TO: George Jiao, Director
Three Lamb Investments International LTD
2232 West 41st Avenue, Suite 202
Vancouver, British Columbia V6M 1Z8
Canada

DESIST AND REFRAIN ORDER

(For violations of section 31110 of the Corporations Code)

The Commissioner of Business Oversight finds that:

1. Inner Mongolia Little Sheep Catering Chain, Company, Ltd. (IMLS) is a Chinese limited liability company formed in the Inner Mongolia Autonomous Region of the People’s Republic of China in 1999. IMLS has its principal place of business located at 9 Wulan Avenue, Kundulun District, Baotou City, Inner Mongolian Autonomous Region, the People’s Republic of China.

2. IMLS began franchising restaurants in Mainland China under the name “Little Sheep Hot Pot” (Little Sheep Hot Pot Restaurants) in 2001. Little Sheep Hot Pot Restaurants specialize in Mongolian style “Hot Pot” cooking.

3. IMLS entered into a master franchise agreement with Three Lamb Investments International LTD (Three Lamb) on January 1, 2011.

4. Three Lamb is or was a company organized in British Columbia, Canada. Three Lamb’s director is or was George Jiao (Jiao).

5. Three Lamb had its principal place of business located at 2232 West 41st Avenue, Suite 202, Vancouver, British Columbia V6M 1Z8, Canada.

6. Three Lamb and Jiao’s current whereabouts are unknown.

7. Under the January 1, 2011 master franchise agreement entered with IMLS, Three Lamb had the exclusive right to operate and sub-franchise Little Sheep Hot Pot Restaurants

1 throughout Canada, Mexico, and the United States. As of January 1, 2011, 12 Little Sheep Hot Pot
2 Restaurants were in operation, including seven franchises in the United States.

3 8. Three Lamb subsequently executed franchise agreements with the owners of the
4 existing North American restaurants and began entering franchise agreements to establish other
5 Little Sheep Hot Pot Restaurants in North America. Between 2011 and 2017, under the January 1,
6 2011 master franchise agreement, Three Lamb operated, or granted others the right to operate, 40
7 Little Sheep Hot Pot Restaurants in North America, including 13 locations in the state of California.

8 9. IMLS terminated its master franchise agreement with Three Lamb in July of 2018,
9 and Three Lamb agreed to close all of its franchised locations and company-owned restaurants by
10 June 30, 2020.

11 10. But a review of the Commissioner's records failed to disclose a franchise registration
12 application or exemption notice filed with the Department on behalf of Three Lamb for the offer
13 and sale of the 13 California franchised locations. The Commissioner therefore has concluded that
14 the 13 franchises Three Lamb offered and sold on behalf of IMLS between 2011 and 2017, under
15 the January 1, 2011 master franchise agreement, were neither registered nor exempt from the
16 registration requirements of the Franchise Investment Law (Corp. Code, § 31000 et seq.).

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Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion that Three Lamb and Jiao have sold Little Sheep Hot Pot Restaurant franchises in California that are subject to registration under the Franchise Investment Law, in violation of Corporations Code section 31110. Pursuant to section 31402 of the Corporations Code, Three Lamb and Jiao are hereby ordered to desist and refrain from the further offer or sale of Little Sheep Hot Pot Restaurant franchises unless and until the offer has been duly registered under the Franchise Investment Law or unless exempt. This Order is necessary, in the public interest, for the protection of franchisees and consistent with the purposes, policies, and provisions of the Franchise Investment Law.

Dated: June 10, 2020
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner