

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN M. ROONEY  
Assistant Chief Counsel  
3 VANESSA T. LU (State Bar No. 295217)  
Counsel  
4 Department of Financial Protection and Innovation  
1350 Front Street, Room 2034  
5 San Diego, California 92101  
Telephone: (619) 525-3727  
6 Facsimile: (619) 525-4045

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
9 OF THE STATE OF CALIFORNIA

11 In the Matter of:	)	FIL ORG ID: 102266
	)	
12 THE COMMISSIONER OF FINANCIAL	)	CITATION INCLUDING:
13 PROTECTION AND INNOVATION,	)	(1) DESIST AND REFRAIN ORDER
	)	
14 Complainant,	)	(2) ASSESSMENT OF
	)	ADMINISTRATIVE PENALTIES
15 v.	)	
	)	(3) CLAIM FOR ANCILLARY RELIEF
16 NAIL GARDEN FRANCHISE, LLC dba	)	AND COSTS
17 TRINITY PEACE, LLC,	)	
	)	
18 Respondent.	)	
	)	

20 The Complainant, the Commissioner of Financial Protection and Innovation, formerly  
21 known as the Commissioner of the Department of Business Oversight, finds the following:

22 **I.**  
23 **Jurisdiction and Venue**

24 1. The Commissioner is authorized to administer and enforce the provisions of the  
25 California Franchise Investment Law (Corp. Code § 31000, et seq.)<sup>1</sup> (FIL) and the rules and  
26 regulations promulgated thereunder which control the registration, offer and sale of franchises in  
27 California.

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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

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2. To register a franchise, a franchisor must file a Uniform Franchise Disclosure Document (FDD) with the Commissioner for review and approval, in accordance with sections 31111, 31112, 31114, and Cal. Code Regs., tit. 10, section 310.111. The disclosure requirements of the FIL are intended to avoid misrepresentations and to provide prospective franchisees with facts upon which to make an informed decision to purchase a franchise, as stated in section 31001.

3. The Commissioner brings this action pursuant to the provisions of the FIL, and the rules and regulations promulgated thereunder, including section 31406.

**II.**  
**Statement of Facts**

4. At all relevant times, Nail Garden Franchise, LLC dba Trinity Peace, LLC (Nail Garden) is and was a limited liability company organized on or around June 7, 2012 with the principal place of business located at 17200 Ventura Boulevard #303, Encino, California 91316. Nail Garden is a franchising company that offers its franchisees the right to own and operate upscale nail salons offering personal services to the public, including manicures, pedicures, waxing, eyelash extensions, teeth whitening, henna tattooing, tanning, and microdermabrasion.

5. At all relevant times, Reham W. Bastawros is and was the Chief Executive Officer of Nail Garden.

6. At all relevant times, Fady Bastawros is and was the President of Nail Garden.

7. At all relevant times, Wagih S. Awad is and was the Director of Franchising for Nail Garden.

8. At all relevant times, Matthew W. Awad is and was the Director of Marketing for Nail Garden.

9. On November 13, 2012, Nail Garden filed its initial registration with the Commissioner, which became effective on January 11, 2013, with an expiration date of April 22, 2013. Nail Garden’s last registration with the Commissioner was made effective on June 5, 2018 with an expiration date of April 22, 2019.

10. On April 12, 2013, Nail Garden filed an application with the Commissioner to renew Nail Garden’s franchise registration. Nail Garden also filed its proposed 2014 FDD for the

1 Commissioner’s approval. On August 22, 2013, the Commissioner issued an order approving said  
2 registration (Application 477997). The registration terminated on April 21, 2014.

3 11. On April 18, 2014, Nail Garden filed an application with the Commissioner to renew  
4 Nail Garden’s franchise registration. Nail Garden also submitted its proposed 2015 FDD for the  
5 Commissioner’s approval. On April 25, 2014, the Commissioner issued an order approving said  
6 registration (Application 2015). The registration terminated on April 20, 2015.

7 12. On April 20, 2015, Nail Garden filed an application with the Commissioner to renew  
8 Nail Garden’s franchise registration. Nail Garden also submitted its proposed 2016 FDD for the  
9 Commissioner’s approval. On April 21, 2015, the Commissioner issued an order approving said  
10 registration (Application 3144). The registration terminated on April 20, 2016.

11 13. On April 18, 2016, Nail Garden filed an application with the Commissioner to renew  
12 Nail Garden’s franchise registration. Nail Garden also submitted its proposed 2017 FDD for the  
13 Commissioner’s approval. On May 3, 2016, the Commissioner issued an order approving said  
14 registration (Application 5821). The registration terminated on April 20, 2017.

15 14. On April 20, 2017, Nail Garden filed an application with the Commissioner to renew  
16 Nail Garden’s franchise registration. Nail Garden also submitted its proposed 2018 FDD for the  
17 Commissioner’s approval. On July 17, 2017, the Commissioner issued an order approving said  
18 registration (Application 8854). The registration terminated on April 20, 2018.

19 **III.**

20 **Nail Garden’s Violations Under the Franchise Investment Law**

21 **A. Franchisees D.G., J.D., and S.D.**

22 15. Paragraphs 1-14 are hereby realleged and incorporated herein by reference as if set  
23 forth in their entirety.

24 16. On or around March 18, 2013, Nail Garden emailed an FDD to prospective  
25 Franchisee D.G. Nail Garden provided an expired FDD and franchise agreement (FA) to  
26 Franchisees D.G., J.D., and S.D. in violation of section 31119, subdivision (a). Nail Garden also  
27 violated sections 31110 and 31201 by failing to disclose to franchisees received an expired FDD.

28 17. On or around March 31, 2014, Nail Garden and Fady Bastawros entered into a FA

1 with Franchisees D.G., J.D., and S.D. using an expired FA with an issuance date of November 1,  
2 2012 in violation of section 31201. This transaction also constitutes an unregistered sale of  
3 franchise in violation of section 31110.

4 18. The Commissioner imposed a financial condition on Nail Garden called the  
5 “California Fee Deferral” and required franchisor to fulfill its material obligations to the franchisees  
6 and that franchisees’ nail salons must be operating *before* franchisor accepts the initial franchise fee.  
7 On or around April 3, 2014, Nail Garden deposited the initial franchise fee of \$30,000.00 from  
8 Franchisees D.G., J.D., and S.D. in violation of sections 31203 and 31200.

9 19. Nail Garden failed to provide franchisees: (a) “Initial Training Program” in section  
10 5.1 of the FA and Item 11 of the FDD; (b) “Pre-Opening Consultation” in section 5.4 of the FA and  
11 Item 11 of the FDD; and (c) “Salon Opening Assistance” in sections 5.2 and 5.3 of the FA and Item  
12 11 of the FDD. When Nail Garden did not provide these resources to Franchisees D.G., J.D., and  
13 S.D., or other franchisees over the years, it willfully made untrue statements of material fact to these  
14 franchisees and to the Commissioner in violation of sections 31200 and 31201.

15 20. Nail Garden provided misleading financial performance representations (FPR) in  
16 violation of section 31200 and 31201. Item 19 of its FDD included *affiliate-owned* salons’ gross  
17 revenues and profits that did not take into account the fees cited in Item 6 of the FDD that  
18 franchisees must pay to franchisor. Item 19 of the FDD also includes a prohibitive waiver that  
19 precludes any reasonable basis for the information therein.

20 **B. Franchisees A.M., S.M, and M.M.**

21 21. Paragraphs 1-20 are hereby realleged and incorporated herein by reference as if set  
22 forth in their entirety.

23 22. On or around September 6, 2013, Reham Bastawros, Fady Bastawros, and Nail  
24 Garden emailed an FDD titled “Nail Garden 2013 FDD v-1.1. (1)” to prospective Franchisees A.M.,  
25 S.M., and M.M. The prospective franchisees actually received an expired FDD with an issuance  
26 date of November 1, 2012 and thus, Nail Garden violated section 31110. Nail Garden also violated  
27 section 31201 by failing to disclose to franchisees that they received an expired FDD.  
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1           23.     On or around September 13, 2013, Nail Garden signed a FA with an issuance date of  
2 August 22, 2013 (Application 477997) with franchisees. Because franchisees did not have at least  
3 14 days to review the registered FDD and FA with the issuance date of August 22, 2013, Nail  
4 Garden violated section 31119, subdivision (a).

5           24.     On or around September 20, 2013, Nail Garden deposited \$15,000.00 from  
6 franchisees in violation of the California Fee Deferral. On or around February 25, 2014, Nail  
7 Garden deposited \$15,000.00 from franchisees in violation of sections 31203 and 31200.

8           25.     Nail Garden violated sections 31200 and 31201 by failing to provide: (a) “Initial  
9 Training Program” in section 5.1 of the FA and Item 11 of the FDD; (b) “Pre-Opening  
10 Consultation” in section 5.4 of the FA and Item 11 of the FDD; and (c) “Salon Opening Assistance”  
11 in sections 5.2 and 5.3 of the FA and Item 11 of the FDD.

12           26.     Nail Garden violated sections 31200 and 31201 as a result of the misleading FPR in  
13 Item 19 of the FDD because the *affiliate-owned* salons do not have fees such as franchise fee,  
14 royalties, etc. deducted from its gross revenues and profits. Furthermore, Nail Garden included a  
15 prohibitive waiver that precludes any reasonable basis therein.

16           27.     Franchisees A.M., S.M., and M.M. signed a receipt for an FDD with an issuance  
17 date of November 1, 2012 and dated the receipt as August 23, 2013. However, franchisees received  
18 the expired 2012 FDD to review, but signed the 2013 FA with Nail Garden. Nail Garden provided  
19 the Department with said receipt and did not provide franchisees the receipt of the FDD with the  
20 issuance date of August 22, 2013. A receipt for an FDD with an issuance date of November 1, 2012  
21 cannot replace the receipt of the FDD with the issuance date of August 22, 2013 and therefore, Nail  
22 Garden violated section 31150.

23           28.     When Franchisees A.M., S.M., and M.M. signed the receipt for an FDD with an  
24 issuance date of November 1, 2012, Nail Garden instructed franchisees to “back-date” the receipt to  
25 August 23, 2013 in order to be in compliance with franchise laws. Franchisees A.M., S.M., and  
26 M.M. followed Nail Garden’s instructions by signing and dating said receipt as “August 23, 2013”  
27 – instead of the writing the actual date. Here, Nail Garden’s conduct violates 31201 and 31204.

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1 **C. Franchisees Z.Y., S.Y., and L.S.**

2 29. Paragraphs 1-28 are hereby realleged and incorporated herein by reference as if set  
3 forth in their entirety.

4 30. On or around October 10, 2014, Nail Garden and Matthew W. Awad emailed  
5 prospective franchisees Z.Y., S.Y., and L.S. a FDD titled “Nail\_Garden\_2014\_FDD\_v.\_1Powers  
6 (1). Pdf.” The FDD that Nail Garden sent prospective franchisees had an issuance date of April 22,  
7 2014 but it was not the registered FDD in Application 2015. Nail Garden’s misrepresentation of  
8 sending franchisees with the registered FDD violates sections 31119, subdivision (a) and 31201.

9 31. On or around November 4, 2014, Franchisees Z.Y., S.Y., and L.S. signed the  
10 “Franchise Agreement 2014” with Nail Garden. However, franchisees did not sign the registered FA  
11 in Application 2015 and Nail Garden’s misrepresentation violates section 31201. Also, Nail Garden  
12 made an unregistered franchise sale in violation of section 31110.

13 32. On or around November 4, 2015, Nail Garden accepted a franchise fee of \$30,000.00  
14 from Franchisees Z.Y., S.Y., and L.S. in violation of sections 31203 and 31200. On or around  
15 November 6, 2014, Nail Garden deposited check number 098 in the amount of \$10,000.00 and check  
16 number 142 in the amount of \$20,000.00 from franchisees.

17 33. Nail Garden violated sections 31200 and 31201 failing to provide franchisees: (a)  
18 “Initial Training Program” in section 5.1 of the FA and Item 11 of the FDD; (b) “Pre-Opening  
19 Consultation” in section 5.4 of the FA and Item 11 of the FDD; and (c) “Salon Opening Assistance”  
20 in sections 5.2 and 5.3 of the FA and Item 11 of the FDD.

21 34. Nail Garden violated sections 31200 and 31201 giving misleading FPR because  
22 *affiliated-owned* salons did not deduct the franchise fees, royalty fees, etc. from gross profits and  
23 revenues. In Item 19 of the FDD, Nail Garden also included a prohibitive waiver that precludes any  
24 reasonable basis for the information therein.

25 35. On or around November 23, 2015, Franchisee Z.Y. emailed Nail Garden, Reham  
26 Bastawros, and Fady Bastawros demanding a copy of their executed FDD. Per franchisee’s email,  
27 Nail Garden failed to provide copies of their franchise records after multiple requests in violation of  
28 section 31150. Moreover, Nail Garden failed to produce complete records with Franchisees Z.Y.,

1 S.Y., and L.S. to the Commissioner in violation of section 31150. Several sections such as the  
2 California Fee Deferral, Entity Information, etc. were either unsigned by the parties or missing.

3 36. On or around September 20, 2019, Nail Garden provided the following response to  
4 the Commissioner’s subpoena dated September 3, 2019: “Franchisee was disclosed with the FDD  
5 registered in California on April 25, 2014. (Bates PEACE0295-PEACE0457 is the full FDD). As  
6 reflected by comparing the dates in (i) and (iii) above, and (v) below, the FDD was delivered to the  
7 franchisees more than 14 days prior to execution of any franchise agreement or the initial franchise  
8 fee paid by the franchisee.”

9 37. Nail Garden knowingly made untrue statements to the Commissioner during the  
10 course of this investigation as its own document production contradicts franchisor’s statements in  
11 violation of section 31204. Franchisees Z.Y., S.Y., and L.S. provided the Commissioner an email  
12 dated October 10, 2014 that shows Nail Garden did not timely provide the registered FDD and FA to  
13 prospective franchisees. Moreover, the executed FDD and FA produced by Nail Garden,  
14 PEACE0864-PEACE0912, contain materially different terms from registered Application 2015.

15 **D. Franchisees L.M., M.M., and R.Y.**

16 38. Paragraphs 1-37 are hereby realleged and incorporated herein by reference as if set  
17 forth in their entirety.

18 39. On or around March 15, 2015, Nail Garden gave prospective Franchisees L.M.,  
19 M.M., and R.Y. a document titled “FDD 2014 with an issuance date of April 22, 2014.” Because this  
20 was not the registered FDD in Application 2015, Nail Garden’s misrepresentation violated sections  
21 31201 and 31110. Nail Garden’s failure to provide prospective franchisees with the registered FDD  
22 is also a violation of section 31119, subdivision (a).

23 40. On or around April 1, 2015, Franchisees L.M., M.M., and R.Y. signed the “Franchise  
24 Agreement 2014” with Nail Garden. However, the franchisees did not sign the FA registered in  
25 Application 2015 and thus, Nail Garden violated section 31110. Nail Garden also violated section  
26 31201 providing Franchisees L.M., M.M., and R.Y. with a false and unregistered FA.

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1           41.     On or around April 1, 2015, Nail Garden accepted a franchise fee of \$30,000.00 from  
2 Franchisees L.M., M.M., and R.Y. in violation of sections 31203 and 31200. Afterwards, Nail  
3 Garden deposited a cashier’s check, number 0023602413, in the amount of \$30,000.00.

4           42.     Nail Garden violated sections 31200 and 31201 failing to provide franchisees: (a)  
5 “Initial Training Program” in section 5.1 of the FA and Item 11 of the FDD; (b) “Pre-Opening  
6 Consultation” in section 5.4 of the FA and Item 11 of the FDD; and (c) “Salon Opening Assistance”  
7 in sections 5.2 and 5.3 of the FA and Item 11 of the FDD.

8           43.     Nail Garden violated section 31200 and 31201 because its FPR include *affiliated-*  
9 *owned* salons that did not have franchise fees, royalty fees, etc. deducted from gross profits and  
10 revenues. In Item 19 of the FDD, Nail Garden also included a prohibitive waiver that precludes any  
11 reasonable basis for the information therein.

12           44.     Nail Garden failed to produce to the Commissioner complete records of its executed  
13 FA in violation of section 31150. Specifically, the “California Amendment to Franchise Agreement”  
14 in Application 2015 was not completed or maintained.

15 **E.     Franchisee A.M.**

16           45.     Paragraphs 1-44 are hereby realleged and incorporated herein by reference as if set  
17 forth in their entirety.

18           46.     On or around February 9, 2017, Franchisee A.M. signed the “Franchise Agreement  
19 2016” with Nail Garden. Nail Garden accepted \$30,000.00 from Franchisee A.M. in violation of  
20 sections 31203 and 31200. According to franchisor’s response dated February 24, 2020 to the  
21 Commissioner, Nail Garden kept Franchisee A.M.’s check “to be cashed upon opening of the  
22 Westfield Mall Store, which never opened.” Nail Garden argues that Franchisee A.M. “elected not to  
23 move forward with the Westfield Mall lease,” but nonetheless – Nail Garden should not have  
24 required Franchisee A.M. to give franchisors a check of \$30,000.00.

25           47.     On or around April 12, 2017, Franchisee A.M. signed the “Franchise Agreement  
26 2016” with Nail Garden. Nail Garden violated sections 31200 and 31201 when franchisor failed to  
27 provide: (a) “Initial Training Program” in section 5.1 of the FA and Item 11 of the FDD; (b) “Pre-  
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1 Opening Consultation” in section 5.4 of the FA and Item 11 of the FDD; and (c) “Salon Opening  
2 Assistance” in sections 5.2 and 5.3 of the FA and Item 11 of the FDD.

3 48. Nail Garden violated sections 31200 and 31201 when the *affiliated-owned* salons  
4 presented misleading FPR because it did not deduct franchise fees, royalty fees, etc. from the gross  
5 profits and revenues. In Item 19 of the FDD, Nail Garden also included a prohibitive waiver that  
6 precludes any reasonable basis for the information therein.

7 49. On or around February 3, 2018, Nail Garden accepted from Franchisee A.M. an  
8 initial franchise fee of \$30,000.00, check number 1018. On or around February 5, 2018, Franchisee  
9 A.M. opened his salon. That same day, Nail Garden deposited Franchisee A.M.’s initial franchise fee  
10 of \$30,000.00 in violation of sections 31203, 31200, and the California Fee Deferral.

11 50. Nail Garden failed to produce to the Commissioner complete records of its executed  
12 “Franchise Agreement 2016” with Franchisee A.M. signed on or around February 9, 2017 in  
13 violation of section 31150. Nail Garden failed to provide the signed FA Summary Pages – a  
14 document required to be completed and maintained in registered Application 5821.

15 **IV.**  
16 **Citations and Desist and Refrain Orders**

17 51. Paragraphs 1-50 are hereby realleged and incorporated herein by reference as if set  
18 forth in their entirety.

19 52. Corporations Code section 31001 states:

20 . . . . .  
21 It is the intent of this law to provide each prospective franchisee with the  
22 information necessary to make an intelligent decision regarding franchises  
23 being offered. Further, it is the intent of the law to prohibit the sale of  
24 franchises where the sale would lead to fraud or a likelihood that the  
franchisor’s promises would not be fulfilled, and to protect the franchisor  
and franchisees by providing a better understanding of the franchisor and  
franchisee with regard to their business relationship.

25 65. Corporations Code section 31110 states:

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

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66. 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.

67. Cal. Code Regs., tit. 10, section 310.111, states:  
  
(a) All applications for registration under this Law shall be filed upon the Uniform Franchise Registration Application as defined in subsection (b).  
  
(b) Until June 30, 2008, the term “Uniform Franchise Registration Application” means . . . information required from the applicant in accordance with the Uniform Franchise Disclosure Document (“UFDD”) Guidelines, as adopted by the North American Securities Administrators Association, Inc. on June 22, 2007 and effective July 1, 2007.

(c) When an application is filed using the UFDD, the applicant shall include the required information set forth in Rule 310.114.1 . . .

68. Corporations Code section 31150 states:  
  
Every franchisor or subfranchisor offering franchises for sale in this state shall at all times keep and maintain a complete set of books, records, and accounts of such sales.

69. Corporations Code section 31200 states:  
  
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.

70. Corporations Code section 31201 states:  
  
It is unlawful for any person to offer or sell a franchise in this state by means of any written or oral communication not enumerated in Section 31200 which includes an untrue statement of a material fact or omits to

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state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

71. 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.

72. Corporations Code section 31204 states:

(a) It is unlawful for any person to knowingly alter, destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record, document, or tangible object with the intent to impede, obstruct or influence the administration or enforcement of any provision of this division.

(b) It is unlawful for any person to knowingly make an untrue statement to the commissioner during the course of licensing, investigation, or examination, with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

73. 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.

(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.

(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. . . .

1           74.     Based upon the foregoing findings, the Commissioner is of the opinion that Nail  
2 Garden Franchise, LLC dba Trinity Peace, LLC willfully made an untrue statement or willfully  
3 omitted to state a material fact in an application, notice or report filed with the Commissioner in  
4 violation of section 31200. Pursuant to section 31406, Nail Garden Franchise, LLC dba Trinity  
5 Peace, LLC is hereby cited and ordered to desist and refrain from violating section 31200.

6           75.     Also, based upon the foregoing findings, the Commissioner is of the opinion that Nail  
7 Garden Franchise, LLC dba Trinity Peace, LLC violated section 31204, subdivision (b), knowingly  
8 made an untrue statement to the Commissioner during the investigation or examination with the  
9 intent to impede, obstruct, or influence the administration or enforcement of the FIL. Pursuant to  
10 section 31406, Nail Garden Franchise LLC dba Trinity Peace, LLC is hereby cited and ordered to  
11 desist and refrain from violating section 31204, subdivision (b).

12           76.     Also, based upon the foregoing findings, the Commissioner is of the opinion that  
13 Nail Garden Franchise, LLC dba Trinity Peace, LLC violated section 31201 by offering or selling a  
14 franchise in this state by written or oral communication not enumerated in the FIL, which includes  
15 an untrue statement or omits to state a material fact to make the statements made not misleading.  
16 Pursuant to section 31406, Nail Garden Franchise, LLC dba Trinity Peace, LLC is hereby cited and  
17 ordered to desist and refrain from violating section 31201.

18           77.     Also, based upon the foregoing findings, the Commissioner is of the opinion that  
19 Nail Garden Franchise, LLC dba Trinity Peace, LLC violated a condition to the effectiveness of the  
20 registration of the offer or sale of franchises in violation of section 31203. Pursuant to section  
21 31406, Nail Garden Franchise, LLC dba Trinity Peace, LLC is hereby cited and ordered to desist  
22 and refrain from violating section 31203.

23           78.     Also, based upon the foregoing findings, the Commissioner is of the opinion that  
24 Nail Garden Franchise, LLC dba Trinity Peace, LLC made unregistered offers and sales in violation  
25 of 31110; failed to provide a registered FDD to prospective franchisees at least 14 days prior to  
26 signing the franchise agreement in violation of section 31119, subdivision (a); and failed to  
27 maintain books and records in violation of section 31150. Pursuant to section 31406, Nail Garden  
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1 Franchise, LLC dba Trinity Peace, LLC is hereby cited and ordered to desist and refrain from  
2 violating sections 31110; 31119, subdivision (a); and 31150.

3 79. This Order is necessary, in the public interest, for the protection of investors and  
4 franchisees and consistent with the purposes, policies and provisions of the FIL.

5 **V.**  
6 **Administrative Penalties**

7 80. Paragraphs 1-79 are hereby realleged and incorporated herein by reference as if set  
8 forth in their entirety.

9 81. Pursuant to section 31406, Nail Garden Franchise, LLC dba Trinity Peace, LLC is  
10 hereby assessed and ordered to pay an administrative penalty of \$2,500.00 for each of the 54  
11 violations under the FIL, totaling \$135,000.00 as follows:

12 82. **CITATION A:** On or around March 31, 2012, Nail Garden Franchise, LLC dba  
13 Trinity Peace, LLC violated sections 31110 and 31119, subdivision (a). Nail Garden Franchise,  
14 LLC dba Trinity Peace, LLC also violated sections 31200, 31201, 31203, and Cal. Code Regs., tit.  
15 10, section 310.111.

16 83. **CITATION B:** On or around September 6, 2013, Nail Garden Franchise, LLC dba  
17 Trinity Peace, LLC violated sections 31110 and section 31119, subdivision (a). Nail Garden  
18 Franchise, LLC dba Trinity Peace, LLC also violated sections 31150, 31200, 31201, 31203, 31204,  
19 and Cal. Code Regs., tit.10, section 310.111.

20 84. **CITATION C:** On or around November 4, 2014, Nail Garden Franchise, LLC dba  
21 Trinity Peace, LLC violated sections 31110 and 31119, subdivision (a). Nail Garden Franchise,  
22 LLC dba Trinity Peace, LLC also violated sections 31150, 31200, 31201, 31203, 31204, and Cal.  
23 Code Regs., tit.10, section 310.111.

24 85. **CITATION D:** On or around March 15, 2015, Nail Garden Franchise, LLC dba  
25 Trinity Peace, LLC violated sections 31110 and 31119, subdivision (a). Nail Garden Franchise,  
26 LLC dba Trinity Peace, LLC also violated sections 31150, 31200, 31201, 31203, and Cal. Code  
27 Regs., tit.10, section 310.111.

28 86. **CITATION E:** On February 9, 2017 and February 3, 2018, Nail Garden Franchise,

1 LLC dba Trinity Peace, LLC violated sections 31150, 31200, 31201, and 31203.

2 87. Pursuant to section 31406, the total administrative penalty of \$130,000.00 shall be  
3 due within 60 days of receipt of Citations A-E and shall be made payable to the Commissioner in the  
4 form of a cashier’s check or Automated Clearing House deposit to the “Department of Financial  
5 Protection and Innovation” (DFPI) and transmitted to the attention of: Accounting – DFPI, 2101  
6 Arena Boulevard, Sacramento, California 95834-2306, contemporaneously with notice of transmittal  
7 to Vanessa.Lu@DFPI.ca.gov.

8 **VI.**  
9 **Ancillary Relief and Fees**

10 88. Paragraphs 1-87 are hereby realleged and incorporated herein by reference as if set  
11 forth in their entirety.

12 89. Corporations Code section 31408 states:

13 (a) If the commissioner determines it is in the public interest, the  
14 commissioner may include in any administrative action brought under this  
15 division, including a stop order, a claim for ancillary relief, including, but  
16 not limited to, a claim for rescission, restitution or disgorgement or  
17 damages on behalf of the persons injured by the act or practice  
constituting 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.

18 (b) In an administrative action brought under this part the commissioner is  
19 entitled to recover costs, which in the discretion of the administrative law  
20 judge may include any amount representing reasonable attorney's fees and  
investigative expenses for the services rendered, for deposit into the State  
Corporations Fund for the use of the Department of Corporations.

21 90. Pursuant to section 31408, Nail Garden Franchise, LLC dba Trinity Peace, LLC and  
22 all persons employed by Nail Garden Franchise, LLC dba Trinity Peace, LLC who assist in  
23 preparing franchise registrations or selling are hereby required to attend remedial education, which  
24 shall consist of eight (8) hours of franchise law training courses per person offered by instructors  
25 from a list provided by the Commissioner. Proof of attendance of the remedial education shall be  
26 submitted to Vanessa.Lu@DFPI.ca.gov, no later than 90 days from the date of this order.

27 91. Pursuant to section 31408, subdivision (b), Nail Garden Franchise, LLC dba Trinity  
28 Peace, LLC shall pay attorney’s fees and investigative expenses to the DFPI in the amount of

1 \$18,000.00 or according to proof. The amount awarded for attorney’s fees and investigative  
2 expenses shall be made payable to the Commissioner in the form of a cashier’s check or Automated  
3 Clearing House deposit to the DFPI and transmitted to the attention of: Accounting – DFPI, 2101  
4 Arena Boulevard, Sacramento, California 95834-2306, contemporaneously with notice of transmittal  
5 to Vanessa.Lu@DFPI.ca.gov, no later than 60 days from the date of this order.

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

8  
9 Dated: November 3, 2020

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation

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11  
12 By \_\_\_\_\_  
13 Mary Ann Smith  
14 Deputy Commissioner  
15 Enforcement Division  
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