

MARY ANN SMITH  
Deputy Commissioner  
SEAN M. ROONEY  
Assistant Chief Counsel  
ADAM J. WRIGHT (State Bar No. 292678)  
Senior Counsel  
Department Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013  
Telephone: (213) 576-7523  
Facsimile: (213) 576-7181

Attorneys for Complainant

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

|                               |   |                                 |
|-------------------------------|---|---------------------------------|
| In the Matter of:             | ) | CITATION AND DESIST AND REFRAIN |
|                               | ) | ORDER                           |
| THE COMMISSIONER OF FINANCIAL | ) |                                 |
| PROTECTION AND INNOVATION,    | ) |                                 |
|                               | ) |                                 |
| Complainant,                  | ) |                                 |
|                               | ) |                                 |
| v.                            | ) |                                 |
|                               | ) |                                 |
| KUHONG KIM,                   | ) |                                 |
|                               | ) |                                 |
| Respondent.                   | ) |                                 |

Complainant, the Commissioner of Financial Protection and Innovation for the State of California (Commissioner), is informed and believes, and based on such information and belief, finds as follows:

**I.**  
**Findings**

1. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the California Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises in California.

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

1           2.       Kuhong Kim (Kim) is or was a licensed Certified Public Accountant (CPA) in the  
2 state of New York.

3           3.       In or about January 2016, a company (Franchisor) that sought to later offer state-  
4 registered franchises to the public hired Kim to prepare Franchisor’s audited financial statements  
5 for the years 2016 through 2019, which would later be included with the Franchisor’s registered  
6 franchise offerings.

7           4.       Pursuant to Article 149 of the New York State Education Law and the Regulations  
8 issued there under, a licensed CPA may not issue audited financial statements unless: (i) he or she is  
9 a licensed CPA in New York state and registered as a CPA firm with the New York Department of  
10 Education, and (ii) has successfully participated in and qualified under the Mandatory Peer Review  
11 Program established by the Department of Education.

12          5.       Kim failed to comply with these applicable professional accounting standards by  
13 failing to be registered as a CPA firm with the New York Department of Education and failing to  
14 satisfy the Mandatory Peer Review Program requirements established under the law.

15          6.       Kim knew and should have known that he was not qualified to issue audited  
16 financial statements under New York state law.

17          7.       Nevertheless, on at least two separate occasions from 2017 to 2019, Kim executed a  
18 consent to the use of his audited financial statements in the Franchisor’s registered franchise  
19 offering (Consent), which would be reviewed and relied upon by prospective franchisees and the  
20 state regulators approving the offering in their states, including the Department.

21          8.       The Commissioner received, reviewed and relied upon Kim’s Consents in  
22 connection with Franchisor’s filed registrations in California.

23          9.       Kim omitted to state in any of the Consents that he was not qualified to issue audited  
24 financial statements under New York law.

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**II.**  
**Citation and Desist and Refrain Order**  
**Violation of Corporations Code Section 31200**

10. Corporations Code section 31200 provides:

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.

11. Based on the foregoing findings, the Commissioner is of the opinion that Kim willfully omitted to state in an application, notice, or report filed with the Commissioner a material fact that was required to be stated therein.

Pursuant to section 31406, Kuhong Kim is hereby cited and ordered to desist and refrain from further violations of the Franchise Investment Law, including section 31200.

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

Dated: February 22, 2021  
Los Angeles, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight



By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division