CONSENT ORDER

This Consent Order is entered into between the Commissioner of Financial Protection and Innovation (Commissioner), Yummy-town USA, LLC. (YT) (collectively, Parties) and is made with respect to the following facts:

I.

RECITALS

A. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.), and registering the offer and sale of franchises in California. To register a franchise, a franchisor must file an application which includes a Uniform Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance with sections 31111 and 31114. The FIL requires franchisors to disclose certain material information.

1 All further statutory references are to the Corporations Code unless otherwise indicated.
which is intended to provide prospective franchisees with facts upon which to make an informed
decision to purchase a franchise, as stated in section 31001.

B. At all relevant times, YT was a Delaware limited liability company, formed on
August 30, 2017 with a principal place of business located at 6F. No.79 Xinhui 1st Road Neihu
District Taipei City Taiwan and at 1620 Greencastle Avenue, #B, Rowland Heights, California,
91748. At all relevant times, the manager is Yute Chen. At all relevant times, YT is the franchisor
for a tea shop concept offering a variety of drinks under the name “Happy Lemon” in the United
States. Yummy-town, through its affiliates, also owns and operates company-owned “Happy
Lemon” outlets in the United States.

C. Under section 31200, 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
the FIL, or willfully 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.

D. YT failed to disclose to the Commissioner the existence of affiliate franchise outlets,
in at least three instances, in their 2018 and 2019 franchise applications, as required in YT’s FDD
Item 20:

i. YT first filed an application for franchise registration with the Commissioner
on June 26, 2018, which was registered on August 22, 2018 (App-12586);

ii. YT filed a post-effective amendment to this registration on September 11,
2018, which was registered on September 17, 2018 (App-13006);

iii. On January 29, 2019, it filed a renewal application, which was registered on
March 19, 2019 (App-13698);

iv. In App-12586, App-13006 and App-13698, YT disclosed that RBT Holdings
Limited, a Hong Kong company (RBT) was the parent company of YT and Happy Lemon Hong
Kong, Ltd., a Hong Kong company (HLHK). RBT was a shareholder in Happy Lemon California,
Inc. (HL California), a California corporation formed on June 15, 2016, which is a joint venture of
RBT, YT’s parent company, and Sunmerry Foods Ltd. (Sunmerry), a Taiwan company. Sunmerry
owns 51% of HL California and RBT owns 49%. Sunmerry also operates several franchises by the name of Happy Lemon.

v. YT disclosed the existence of HL California and that HL California was an affiliate of YT by way of YT’s parent company. YT also disclosed HL California’s three existing franchise outlets as “company owned” outlets. However, YT failed to list either of the two Sunmerry outlets or any of the existing T Rock, Inc. (TROCK) licenses as franchises. TROCK was a California corporation with a principal place of business located at 35233 Newark Blvd., Unit G, Newark, California 94560, which had multiple franchise outlets with HLHK at the time. These outlets should have been disclosed due to TROCK’s affiliation with HLHK.

E. The Commissioner finds that YT, in at least three instances, willfully made an untrue statement of a material fact in any application, notice or report filed with the Commissioner under the FIL, or willfully omitted to state in any such application, notice, or report any material fact which is required to be stated therein or failed to notify the Commissioner of any material change as required by section 31123, in violation of section 32100.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

II. TERMS AND CONDITIONS

1. Purpose. This Consent Order resolves the issues before the Commissioner [findings in paragraphs C, D, and E above] in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes and provisions of the applicable law.

2. Desist and Refrain Order. Pursuant to Corporations Code sections 31402 and 31406, Yummy-town USA, LLC. is hereby ordered to desist and refrain from the violations set forth herein, in violation of Corporations Code section 31200.

3. Penalties. YT shall pay penalties of $7,500 (Penalties) for the violations discussed herein. YT shall pay the Penalties to the Commissioner within ten calendar days of the effective date of this Consent Order in paragraph 22 herein (Effective Date) via cashier’s check or Automated
Clearing House deposit to the Department of Financial Protection and Innovation, Accounting, 2101 Arena Blvd., Sacramento, California 95834. Failure to timely pay the Penalties constitutes a breach of this Consent Order.

4. **Remedial Education.** The following class of persons are required to attend remedial education: (1) All persons with direct management responsibility relating to the sale of franchises; (2) All persons who assist in preparing franchise materials (excluding outside lawyers and accountants); and (3) the person who certifies the accuracy of the franchise disclosure document. Each of these persons shall complete at least eight hours of continuing education offered by a Commissioner approved vendor or franchise attorney within one year of the Effective Date of this Consent Order. YT shall file proof of compliance, in the form of a sworn statement of each person required to take remedial education, under penalty of perjury, and a certificate of completion from the vendor to the Commissioner upon completion. Proof of compliance shall be sent to the Department of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins, Counsel, 2101 Arena Blvd., Sacramento, California 95834. YT agrees that the Department shall not register any YT franchise application for registration until all remedial education is complete. Failure to timely complete said remedial education requirement within one year of the Effective Date of this Order constitutes a breach of this Consent Order and YT shall be barred from offering and selling franchises until said training is complete.

5. **Waiver of Hearing Rights.** YT acknowledges that the Commissioner is ready, willing, and able to proceed with the filing of an administrative enforcement action on the charges contained in this Consent Order. YT hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any other provision of law. YT further expressly waives any requirement for the filing of an Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, YT effectively consents to this Consent Order and the Desist and Refrain Order becoming final.

6. **Failure to Comply with Consent Order.** YT agrees that if it fails to comply with the terms of this Consent Order, the Commissioner may, in addition to all other available remedies it
7. Information Willfully Withheld or Misrepresented. This Consent Order may be revoked, and the Commissioner may pursue any and all remedies available under law against YT if the Commissioner discovers that YT knowingly or willfully withheld or misrepresented information used for and relied upon in this Consent Order.

8. Future Actions by Commissioner. If YT fails to comply with any terms of the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any future actions against YT, or any of its partners, owners, officers, shareholders, directors, employees or successors for any and all unknown violations of the FIL.

9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s ability to assist any other government agency (whether city, county, state, or federal) with any administrative, civil or criminal action brought by that agency against YT or any other person based upon any of the activities alleged in this matter or otherwise.

10. Headings. The headings to the paragraphs of this Consent Order are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof.

11. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in interest.

12. Reliance. Each of the Parties represents, warrants, and agrees that in executing this Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent Order it has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure of anything whatsoever.
The Parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other provision. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Consent Order by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

14. Full Integration. This Consent Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenant between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the Parties, their respective representatives, and any other person or entity with respect to the subject matter covered hereby.

15. Governing Law. This Consent Order will be governed by and construed in accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

16. Counterparts. This Consent Order may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute a single document.

17. Effect Upon Future Proceedings. If YT applies for any license, registration, permit, or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

18. Voluntary Order. YT enters into this Consent Order voluntarily and without coercion and acknowledges that no promises, threats or assurances have been made by the Commissioner or
any officer, or agent thereof, about this Consent Order. The parties each represent and acknowledge 
that he, she or it is executing this Consent Order completely voluntarily and without any duress or 
undue influence of any kind from any source.

19. Notice. Any notice required under this Consent Order shall be provided to each 
party at the following addresses:

To YT: Jimmy Chen, Esq.  
Garcia, Rainey, Blank and Bowerbank, LLP  
695 Town Center Drive, Suite 700  
Costa Mesa, California 92626  
jchen@garciarainey.com

To the Commissioner: Marisa I. Urteaga-Watkins, Counsel  
Department of Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento, California 95834  
marisa.urteaga-watkins@dfpi.ca.gov

20. Signatures. A fax or electronic mail signature shall be deemed the same as an 
original signature.

21. Public Record. YT hereby acknowledges that this Consent Order is and will be a 
matter of public record.

22. Effective Date. This Consent Order shall become final and effective when signed by 
all Parties and delivered by the Commissioner’s agent via e-mail to YT’s agent, Jimmy Chen, Esq. 
at jchen@garciarainey.com

///
///
///
///
///
///
///
///
///
///
23. **Authority to Sign.** Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: April 28, 2021

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

By: ___________________________

MARY ANN SMITH
Deputy Commissioner

Dated: April 27, 2021

YUMMY-TOWN USA, LLC.

By: ___________________________

YUTE CHEN
Manager