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

In the Matter of:

THE COMMISSIONER OF FINANCIAL  
PROTECTION AND INNOVATION,

Complainant,

v.

PREMIER FRANCHISING GROUP, LLC.  
doing business as PREMIER MARTIAL  
ARTS INTERNATIONAL, and/or PREMIER  
MARTIAL ARTS,

Respondent.

CONSENT ORDER

This Consent Order is entered into between the Commissioner of Financial Protection and Innovation (Commissioner), and Premier Franchising Group, LLC., doing business as Premier Martial Arts International, Inc. and/or Premier Martial Arts (PMA) (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

1 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises  
2 in California. To register a franchise, a franchisor must file an application which includes a Uniform  
3 Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance  
4 with sections 31111 and 31114. The FIL requires franchisors to disclose certain material  
5 information which is intended to provide prospective franchisees with facts upon which to make an  
6 informed decision to purchase a franchise, as stated in section 31001.

7 B. At all relevant times, PMA was and is a Tennessee limited liability company with a  
8 principal place of business located at 9202 S. Northshore Drive, Knoxville, Tennessee 37922. At all  
9 relevant times, PMA offers and sells franchises for the operation of martial arts studios and related  
10 products and services.

11 C. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in  
12 this state unless the offer has been registered with the Commissioner or is exempt.

13 D. From at least September 2016 to June 2017 PMA entered into at least four (4)  
14 franchise agreements referred to as “license agreements” with various California franchisees for the  
15 operation of stores, using a system prescribed by PMA, at specific locations in California (California  
16 Store(s)). PMA was not registered to offer and sell franchises by the Commissioner pursuant to the  
17 FIL from September 2016 to June 2017.

18 E. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue  
19 statement of a material fact in any application, notice or report filed with the Commissioner under  
20 the FIL, or willfully omit to state in any such application, notice, or report any material fact which is  
21 required to be stated therein or fail to notify the Commissioner of any material change as required by  
22 section 31123.

23 F. On June 17, 2020, the Department issued a registration permitting PMA to offer  
24 and/or sell franchises in California from May 12, 2020, to April 20, 2021 (App-18109). On May 24,  
25 2021, the Department approved a PMA renewal application and granted a registration, permitting  
26 PMA to engage in the offer and/or sale of franchises in California from March 10, 2021, to April 20,  
27 2022 (App-20074).

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

1 G. PMA failed to disclose the existence of the California Stores to the Commissioner in  
2 App-18109 and App-20074.

3 H. The Commissioner finds that PMA offered and sold at least four (4) franchises in  
4 California without being registered with the Commissioner or exempt, in violation of section 31110.

5 I. The Commissioner also finds that PMA, willfully omitted to state in App-18109 and  
6 App-20074 the material fact that PMA had at least four (4) California Stores in California, which is  
7 required to be stated therein, or, failed to notify the Commissioner of any material change as  
8 required by section 31123, in violation of section 31200.

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

11 **II.**

12 **TERMS AND CONDITIONS**

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

17 2. Desist and Refrain Order. Pursuant to Corporations Code section 31406, Premier  
18 Franchising Group, LLC., doing business as Premier Martial Arts International, Inc. and/or Premier  
19 Martial Arts is hereby ordered to desist and refrain from the violation of Corporations Code sections  
20 31110 and 31200 set forth herein. The issuance of this order is necessary, in the public interest, for  
21 the protection of investors, and is consistent with the purposes, policies, and provisions of the  
22 Franchise Investment Law.

23 3. Penalties. PMA shall pay to the Department the sum of \$10,000 as Administrative  
24 Penalties (Penalties). PMA hereby agrees to pay the Administrative Payment within ten (10)  
25 business days of the effective date of this Consent Order in Paragraph 21 herein (Effective Date) via  
26 cashier's check or ACH deposit to the Department of Financial Protection and Innovation,  
27 Accounting-Legal, 2101 Arena Blvd., Sacramento, California 95834. Notice of payment must be  
28

1 concurrently sent to Marisa I. Urteaga-Watkins, Counsel via email at marisa.urteaga-watkins@  
2 dfpi.ca.gov. Failure to timely pay the Penalties constitutes a breach of this Consent Order.

3 4. Post-Effective Amendment to Current Registration and Disclosure. PMA hereby  
4 agrees that it will file a post-effective amendment application within fifteen (15) calendar days of the  
5 Effective Date in accordance with section 31123 to its currently effective registration (identified by  
6 the Department as App-20074) to include each and every PMA California Store identified herein,  
7 and this Consent Order thereby complying with the FIL. PMA further hereby agrees that it will  
8 disclose the Consent Order in Item 3, the existence of each and every California Store in Item 20 and  
9 in the exhibit list of current and former franchisees in any PMA FDD filed with the Commissioner  
10 from now on.

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

19 6. Failure to Comply with Consent Order. PMA agrees that if it fails to comply with the  
20 terms of this Consent Order, the Commissioner may, in addition to all other available remedies it  
21 may invoke under the FIL, summarily suspend or revoke PMA's franchise registration (if applicable)  
22 or deny PMA's FIL applications (if applicable), until PMA is in compliance. PMA waives any notice  
23 and hearing rights to contest such summary actions by the Commissioner, which may be afforded  
24 under the FIL, APA, CCP, or any other provision of law.

25 7. Information Willfully Withheld or Misrepresented. This Consent Order may be  
26 revoked, and the Commissioner may pursue any and all remedies available under law against PMA,  
27 if the Commissioner discovers that PMA knowingly or willfully withheld or misrepresented  
28 information used for and relied upon in this Consent Order.

1           8.       Future Actions by Commissioner. If PMA fails to comply with any terms of the  
2 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
3 resolved by this Consent Order. The Commissioner reserves the right to bring any future actions  
4 against PMA, or any of its partners, owners, officers, shareholders, directors, employees, or  
5 successors for any and all unknown violations of the FIL or any other law under the Commissioner’s  
6 jurisdiction.

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

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

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

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

25           13.      Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
26 of this Consent Order will be valid or binding unless it is in writing and signed by each of the  
27 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any  
28 other provision. No waiver by either Party of any breach of, or of compliance with, any condition

1 or provision of this Consent Order by the other Party will be considered a waiver of any other  
2 condition or provision or of the same condition or provision at another time.

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

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

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

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

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

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

27 To PMA: Jonathan Barber Esq.  
28 Franchise.Law  
101 S. Tryon Street, Suite 2700  
Charlotte, NC 28280

jonathan@franchise.law

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

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

21. Public Record. PMA 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 PMA’s agent, Jonathan Barber, Esq. at jonathan@franchise.law.

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: CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_

JENNIFER RUMBERGER  
Deputy Commissioner

Dated: PREMIER FRANCHISING GROUP, LLC. doing  
business as PREMIER MARTIAL ARTS  
INTERNATIONAL, and/or PREMIER MARTIAL  
ARTS

By: \_\_\_\_\_

BARRY VAN OVER  
Founder and Chief Executive Officer