

1 CLOTHILDE V. HEWLETT  
Commissioner  
2 THERESA LEETS  
Assistant Chief Counsel  
3 EK TAA NIJJAR (State Bar No. 323969)  
Counsel  
4 Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
5 Los Angeles, California 90013  
Telephone: (213) 576-7589  
6 Facsimile: (213) 220-5777

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
9 OF THE STATE OF CALIFORNIA  
10

11 In the Matter of: )  
12 THE COMMISSIONER OF FINANCIAL )  
13 PROTECTION AND INNOVATION, )  
14 Complainant, ) CONSENT ORDER  
15 v. )  
16 PARLAY, INC. doing business as PARLAY )  
17 CAFE )  
18 Respondents. )  
19 \_\_\_\_\_ )

20 This Consent Order is entered into between the Commissioner of Financial Protection and  
21 Innovation (Commissioner) and Parlay Inc. (Parlay), doing business as Parlay Café (collectively the  
22 Parties), and is made with respect to the following facts:

23 I.

24 Recitals

25 A. The Commissioner is the head of the Department of Financial Protection and  
26 Innovation (Department) and is responsible for administering and enforcing the Franchise  
27  
28

1 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises  
2 in California. To offer a franchise, subfranchise, or area representation in California, a franchisor  
3 must be registered with the Department in accordance with section 31110.

4 B. At all relevant times, Parlay is a California Corporation with a principal place of  
5 business at 49851 Flightline Way, Aguanga, CA, 92536. Parlay engages in the offer and sale of  
6 franchises for upscale coffee shops with conference rooms and lounges, combining food service and  
7 shared workspace environment.

8 C. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in  
9 this state unless the offer has been registered with the Commissioner or is exempt from registration  
10 by the FIL.

11 D. On October 8, 2021, Parlay attended “The Franchise Show” at the Pasadena  
12 Convention Center in Pasadena, California as an exhibitor.

13 E. On October 8, 2021, a Department employee (Employee) attended “The Franchise  
14 Show” where Parlay was in attendance as an exhibitor.

15 F. Parlay’s most recently effective franchise registration as of October 8, 2021, expired  
16 on April 20, 2021. A registration renewal application was never completed after it was filed with the  
17 Department on April 20, 2021. A comment letter was issued on April 22, 2021 and no response was  
18 received for several months. A follow up letter was sent on July 23, 2021 and after no response was  
19 received, an Abandonment Order was issued on August 11, 2021. Parlay currently has a pending  
20 registration with the Department that was filed on November 11, 2021. Therefore, Parlay did not  
21 have a valid registration or exemption to offer or sell franchises in California pursuant to the FIL on  
22 the date of “The Franchise Show”.

23 G. The Commissioner finds that Parlay offered a non-exempt, unregistered franchise at  
24 “The Franchise Show” on October 8, 2021, in violation of section 31110.

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

27 **II.**

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

## Terms and Conditions

1  
2           1.     Purpose. This Consent Order resolves the issues before the Commissioner, described  
3 in recitals A through H above, in a manner that avoids the expense of a hearing and other possible  
4 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes  
5 and provisions of the FIL.

6           2.     Desist and Refrain Order. Pursuant to Corporations Code sections 31402 and 31406,  
7 Parlay Inc., is hereby ordered to desist and refrain from the violations set forth herein, in violation  
8 of Corporations Code section(s) 31110. The issuance of this Order is necessary, in the public  
9 interest, for the protection of investors, and is consistent with the purposes, policies, and provisions  
10 of the Franchise Investment Law.

11           3.     Penalties. Parlay Inc. shall pay an administrative penalty of \$2,500 (Penalty) no later  
12 than fifteen (15) calendar days after the effective date of this Consent Order. The Penalty must be  
13 made payable in the form of a cashier's check or Automated Clearing House deposit to the  
14 Department of Financial Protection and Innovation and transmitted to the attention of Accounting –  
15 Legal, at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
16 Sacramento, California 95834. Notice of payment must be concurrently sent via email to Ektaa  
17 Nijjar at ektaa.nijjar@dfpi.ca.gov. Failure to pay Penalties in accordance with the above referenced  
18 Penalty payment installments shall be deemed to be a material breach of this Consent Order.

19           4.     Waiver of Hearing Rights. Parlay acknowledge that the Commissioner is ready,  
20 willing, and able to proceed with the filing of an administrative enforcement action on the charges  
21 contained in this Consent Order. Parlay hereby waives the right to any hearings, and to any  
22 reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the  
23 California Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or  
24 any other provision of law. Parlay further expressly waive any requirement for the filing of an  
25 action pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,  
26 Parlay effectively consents to this Consent Order and all of its terms becoming final.

27           5.     Opportunity to Cure. In the event Parlay fails to comply with the terms of this  
28 Consent Order (except for the Desist and Refrain Order), Parlay will have ten (10) calendar days to

1 cure such breach from the date written notice of the breach is emailed by the Commissioner to  
2 Parlay (Notice) at the email address in paragraph 21. Proof of cure, satisfactory to the  
3 Commissioner, shall be sent via traceable method with a notice via email by Parlay so that it is  
4 received within 15 days of the date of Notice to Ektaa Nijjar at ektaa.nijjar@dfpi.ca.gov.

5 6. Failure to Comply with Desist and Refrain Order or Cure Breach. Parlay agrees that  
6 if they fail to comply with the Desist and Refrain Order in this Consent Order, or fail to timely cure  
7 any breach to the satisfaction of the Commissioner, the Commissioner may, in addition to all other  
8 available remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL  
9 registration (if applicable). Parlay stipulates to the finality of any such FIL registration suspensions,  
10 revocations, or denials that the Commissioner may order. Parlay waives any notice and hearing  
11 rights to contest such summary suspensions, revocations, or denials which may be afforded under  
12 the FIL, the APA, the CCP, or any other provision of law in connection therewith.

13 7. Information Willfully Withheld or Misrepresented. This Consent Order may be  
14 revoked, and the Commissioner may pursue any and all remedies available under law against Parlay  
15 if the Commissioner discovers that Parlay knowingly or willfully withheld or misrepresented  
16 information used for and relied upon in this Consent Order.

17 8. Future Actions by Commissioner. If Parlay fails to comply with any terms of the  
18 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
19 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions  
20 against Parlay, or any of their partners, owners, officers, shareholders, directors, employees or  
21 successors for any and all unknown violations of the FIL or any other law under the Commissioner's  
22 jurisdiction.

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

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

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

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

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

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

27           15.    Governing Law. This Consent Order will be governed by and construed in  
28 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,

1 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient  
2 forum to the maintenance of such action or proceeding in such court.

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

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

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

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

17 To Respondents: Russell Kinsey, Esq.  
18 2765 S Golden Way  
19 Denver, CO 80227  
20 russell@thekinseylawoffice.com

21 To the Commissioner: Ektaa Nijjar, Counsel  
22 Department of Financial Protection and  
23 Innovation  
24 320 W. 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013  
Ektaa.nijjar@dfpi.ca.gov

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

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

1           22.    Effective Date. This Consent Order shall become final and effective when signed by  
2 all Parties and delivered by the Commissioner’s agent via e-mail to Parlay’s agent, Russell Kinsey  
3 at russell@thekinseylawoffice.com.

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

7  
8 Dated: 3/11/2022

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

9  
10  
11 By: \_\_\_\_\_  
12 THERESA LEETS  
13 Assistant Chief Counsel

14  
15 Dated: 3/11/2022

PARLAY, INC. doing business as PARLAY CAFE

16  
17 By: \_\_\_\_\_  
18 DON MASTRANGELO  
19 Chief Executive Officer  
20  
21  
22  
23  
24  
25  
26  
27  
28