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

11 In the Matter of:)
12 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
13)
14 Complainant,) CONSENT ORDER
15 v.)
16 GREAT GREEK FRANCHISING, LLC and)
UFG GROUP, INC., doing business as)
17 UNITED FRANCHISE GROUP,)
18 Respondents.)

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20 This Consent Order is entered into between the Commissioner of Financial Protection and
21 Innovation (Commissioner) and Great Greek Franchising, LLC and UFG Group, Inc., doing
22 business as United Franchise Group (Respondents) (collectively the Parties), and is made with
23 respect to the following facts:

24 I.

25 Recitals

26 A. The Commissioner is the head of the Department of Financial Protection and
27 Innovation (Department) and is responsible for administering and enforcing the Franchise
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1 Investment Law (FIL) (Corp. Code, § 31000 et seq.),¹ 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. Great Greek Franchising, LLC (Great Greek) is a Florida Limited Liability Company
5 with a principal place of business at 2121 Vista Parkway, West Palm Beach, Florida 33411. Great
6 Greek engages in the offer and sale of franchises for restaurants under the name “The Great Greek
7 Mediterranean Grill.”

8 C. UFG Group, Inc. is a Florida Corporation with a principal place of business at 2121
9 Vista Parkway, West Palm Beach, Florida 33411. UFG Group, Inc. owns the fictitious name “United
10 Franchise Group” that is registered with the Florida Division of Corporations. Great Greek is a
11 member of the “United Franchise Group” affiliated franchises (UFG).

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

14 E. On October 8, 2021, UFG attended “The Franchise Show” at the Pasadena
15 Convention Center in Pasadena, California as an exhibitor. UFG’s booth included a banner which
16 identified all UFG’s affiliated franchises, including Great Greek.

17 F. On October 8, 2021, a Department employee (Employee) attended “The Franchise
18 Show” and spoke to the representative at the UFG booth, Jeff Thompson, a regional vice president of
19 UFG. The Employee stated to Jeff Thompson that they were interested in food franchises. Thompson
20 provided the Employee information about Great Greek and stated that Great Greek franchisees can
21 make \$2.5 million to \$3 million per year.

22 G. Great Greek’s most recently effective franchise registration as of October 8, 2021,
23 expired on August 18, 2021. Great Greek’s franchise registration application filed on August 23,
24 2021, was still pending as of October 8, 2021. Therefore, Great Greek did not have a valid
25 registration or exemption to offer or sell franchises in California pursuant to the FIL on the date of
26 “The Franchise Show”.
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¹ All further statutory references are to the Corporations Code unless otherwise indicated.

1 H. Pursuant to section 31201, it is unlawful for any person to offer or sell a franchise in
2 California by means of any written or oral communication not enumerated in section 31200 which
3 includes an untrue statement of a material fact or omits to state a material fact necessary in order to
4 make the statement made, in light of the circumstances under which they were made, not misleading.

5 I. On October 8, 2021, Jeff Thompson told the Employee that Great Greek franchisees
6 can make \$2.5 million to \$3 million per year. However, in Great Greek’s most recently registered
7 franchise disclosure document (FDD) that expired on August 18, 2021, the highest revenue disclosed
8 for franchised outlets was \$1,007,234. In Great Greek’s currently pending franchise registration
9 application (app-22105), Great Greek’s FDD states that the highest gross revenue for franchised
10 restaurants is \$1.3 million.

11 J. The Commissioner finds that UFG and Great Greek offered a non-exempt,
12 unregistered franchise to the Employee at “The Franchise Show” on October 8, 2021, in violation of
13 section 31110.

14 K. The Commissioner also finds that UFG and Great Greek offered a franchise to the
15 Employee by means of an oral communication that included an untrue statement of material fact
16 regarding the financial performance of Great Greek franchisees at “The Franchise Show” on October
17 8, 2021 in violation of section 31201.

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

20 **II.**

21 **Terms and Conditions**

22 1. **Purpose.** This Consent Order resolves the issues before the Commissioner, described
23 in recitals A through L above, in a manner that avoids the expense of a hearing and other possible
24 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes
25 and provisions of the FIL.

26 2. **Desist and Refrain Order.** Pursuant to Corporations Code sections 31402 and 31406,
27 Great Greek Franchising, LLC and UFG Group, Inc., doing business as United Franchise Group are
28 hereby ordered to desist and refrain from the violations set forth herein, in violation of Corporations

1 Code section(s) 31110 and 31201. The issuance of this Order is necessary, in the public interest, for
2 the protection of investors, and is consistent with the purposes, policies, and provisions of the
3 Franchise Investment Law.

4 3. Penalties. Great Greek Franchising, LLC and UFG Group, Inc., doing business as
5 United Franchise Group shall pay an administrative penalty of \$5,000.00 (Penalty) no later than
6 fifteen (15) calendar days after the effective date of this Consent Order as defined in paragraph 24
7 (Effective Date). The Penalty must be made payable in the form of a cashier’s check or Automated
8 Clearing House deposit to the Department of Financial Protection and Innovation and transmitted to
9 the attention of Accounting – Legal, at the Department of Financial Protection and Innovation, 2101
10 Arena Boulevard, Sacramento, California 95834. Notice of the payment must be concurrently sent to
11 Lindsay Nelson at Lindsay.Nelson@dfpi.ca.gov.

12 4. Notice of Consent Order

13 a. Great Greek Franchising, LLC and UFG Group, Inc., doing business as
14 United Franchise Group shall provide a copy of this Consent Order to all Great Greek franchisees in
15 California (Franchisee Class).

16 b. Within 30 days of the Effective Date of this Consent Order, Great Greek
17 Franchising, LLC and UFG Group, Inc., doing business as United Franchise Group shall submit to
18 the Commissioner proof(s) of service (by email and certified mail) of a copy of this Consent Order
19 to each of the franchisees in the Franchisee Class. Great Greek Franchising, LLC and UFG Group,
20 Inc., doing business as United Franchise Group shall not include any other documents in the
21 mailing. The Proof(s) of Service shall be sent to the attention of: Lindsay Nelson at
22 Lindsay.Nelson@dfpi.ca.gov.

23 5. Monitor. Within thirty (30) calendar days from the Effective Date, Respondents are
24 hereby directed to provide the name and contact information of an independent monitor (Monitor)
25 who shall have no prior familial, financial, or professional affiliation with Respondents or any of
26 their senior management level employees, for the Commissioner’s review and approval. Within
27 fifteen (15) calendar days of the Commissioner’s approval of the Monitor, Respondents shall
28 contract with the Monitor. The Monitor shall be a licensed attorney with experience in franchise

1 transactions in California. The Monitor shall be responsible for assisting Respondents to develop
2 and implement policies and procedures, governing books, records and accounts of its franchise
3 sales. The Monitor shall review Respondent’s practices and procedures annually for three (3)
4 consecutive years from the Effective Date of this Consent Order (Term). On or before March 1 of
5 2023, 2024 and 2025, the Monitor shall submit a report on Respondent’s development and
6 implementation of these policies and procedures. The report shall be submitted to: Lindsay Nelson
7 at Lindsay.Nelson@dfpi.ca.gov. The Term for the Monitor shall be reviewed by the Commissioner
8 on each annual anniversary date of this Consent Order Effective Date. The Term for the Monitor
9 may be shortened by the Commissioner in her discretion if Respondents have demonstrated
10 compliance with the FIL and this Consent Order.

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

19 7. Opportunity to Cure. In the event Respondents fail to comply with the terms of this
20 Consent Order (except for the Desist and Refrain Order), Respondents will have ten (10) calendar
21 days to cure such breach from the date written notice of the breach is emailed by the Commissioner
22 to the Respondents (Notice) at the email address in paragraph 21. Proof of cure, satisfactory to the
23 Commissioner, shall be sent via traceable method with a notice via email by Respondents so that it
24 is received within 15 days of the date of Notice to Lindsay Nelson at Lindsay.Nelson@dfpi.ca.gov.

25 8. Failure to Comply with Desist and Refrain Order or Cure Breach. Respondents agree
26 that if they fail to comply with the Desist and Refrain Order in this Consent Order, or fail to timely
27 cure any breach to the satisfaction of the Commissioner, the Commissioner may, in addition to all
28 other available remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL

1 registration (if applicable). Respondents stipulate to the finality of any such FIL registration
2 suspensions, revocations, or denials that the Commissioner may order. Respondents waive any
3 notice and hearing rights to contest such summary suspensions, revocations, or denials which may
4 be afforded under the FIL, the APA, the CCP, or any other provision of law in connection therewith.

5 9. Information Willfully Withheld or Misrepresented. This Consent Order may be
6 revoked, and the Commissioner may pursue any and all remedies available under law against
7 Respondents if the Commissioner discovers that Respondents knowingly or willfully withheld or
8 misrepresented information used for and relied upon in this Consent Order.

9 10. Future Actions by Commissioner. If Respondents fail to comply with any terms of
10 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
11 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
12 against Respondents, or any of their partners, owners, officers, shareholders, directors, employees or
13 successors for any and all unknown violations of the FIL or any other law under the Commissioner’s
14 jurisdiction.

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

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

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

24 14. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
25 Consent Order it has relied solely on the statements set forth herein and the advice of its own
26 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
27 Order it has placed no reliance on any statement, representation, or promise of any other party, or
28 any other person or entity not expressly set forth herein, or upon the failure of any party or any

1 other person or entity to make any statement, representation or disclosure of anything whatsoever.
2 The Parties have included this clause: (1) to preclude any claim that any party was in any way
3 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
4 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

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

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

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

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

24 19. Effect Upon Future Proceedings. If Respondents apply for any license, registration,
25 permit, or qualification under the Commissioner’s current or future jurisdiction, or are the subject of
26 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof
27 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).
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24. 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 Respondent’s agent, Mark D. Nichols, mnichols@ufgcorp.com.

25. 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: 3/4/2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
THERESA LEETS
Assistant Chief Counsel

Dated: 3/4/2022

GREAT GREEK FRANCHISING, LLC

By: _____
RICHARD T. NEWTON
Chief Financial Officer

Dated: 3/4/2022

UFG GROUP, INC., d.b.a. UNITED FRANCHISE GROUP

By: _____
RICHARD T. NEWTON
Chief Financial Officer