

1 CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation  
2 COLLEEN MONAHAN  
Acting Deputy Commissioner  
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8  
9 Attorneys for Complainant

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

12 In the Matter of: )  
)  
13 THE COMMISSIONER OF FINANCIAL )  
PROTECTION AND INNOVATION, )  
14 )  
15 Complainant, ) CONSENT ORDER  
v. )  
16 )  
17 KARPATY & GEMIGNANI, LLC., and )  
WISEGUY’S RESTAURANT, LLC., )  
18 Respondents. )  
19 )

20 This Consent Order is entered into between the Commissioner of Financial Protection and  
21 Innovation (Commissioner), and Karpaty & Gemignani, LLC., (KG) and Wiseguy’s Restaurant,  
22 LLC., (WG) (collectively, 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 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises

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

1 in California. To register a franchise, a franchisor must file an application which includes a Uniform  
2 Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance  
3 with sections 31111 and 31114. The FIL requires franchisors to disclose certain material  
4 information which is intended to provide prospective franchisees with facts upon which to make an  
5 informed decision to purchase a franchise, as stated in section 31001.

6 B. At all relevant times, Slice House Franchising, LLC. (Slice), is a Nevada limited  
7 liability company formed on July 8, 2021, doing business at 2505 Anthem Village Drive, Suite E21,  
8 Henderson, Nevada 89052. Slice offers and sells franchises for casual restaurants offering pizza and  
9 other related offerings for dine-in or take-out. On June 9, 2022, Slice filed and perfected a  
10 Corporations Code section 31109 exemption with the Department, pursuant to the FIL.

11 C. At all relevant times, Karpaty & Gemignani, LLC. (KG), is a California limited  
12 liability company doing business in California and Nevada at 2905 Saint Roman Street, Henderson,  
13 Nevada 89044. KG is an affiliate of Slice. KG engages in the business of managing and operating  
14 restaurants in Northern California.

15 D. At all relevant times, Wiseguy's Restaurant, LLC. (WR), is a California limited  
16 liability company doing business at 464 Monterey Avenue, Suite A, Los Gatos, California 95030.  
17 WR engages in the business of managing and operating restaurants in Northern California.

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

20 F. From at least 2016 to August, 2021, KG entered into seven (7) franchise agreements  
21 each referred to as a "License Agreement" with various California franchisees for the operation of  
22 restaurants and/or pizza outlets, using a system prescribed by KG, at specific locations in California  
23 (California Outlets). KG was not registered to offer and sell franchises at any time by the  
24 Commissioner pursuant to the FIL.

25 G. In 2016, WR entered into one (1) franchise agreement referred to as a "License  
26 Agreement" with one California franchisee for the operation of a restaurant and/or pizza outlet,  
27 using a system prescribed by WR in San Francisco, California. WR was not registered to offer and  
28 sell franchises at any time by the Commissioner pursuant to the FIL.

1 H. Pursuant to section 31119, it is unlawful to sell any franchise without first providing a  
2 prospective franchisee with the FDD at least fourteen (14) days prior to the execution of a franchise  
3 agreement or receipt of consideration.

4 I. From at least 2016 to August, 2021, KG executed franchise agreements for seven (7)  
5 California Outlets. However, KG did not provide the California Outlet franchisees with an FDD at  
6 least fourteen (14) days prior to the execution of the franchise agreement or receipt of the franchise  
7 fee payment.

8 J. In 2016, WR executed a franchise agreement for one (1) California Outlet. However,  
9 KG did not provide the California Outlet franchisee with an FDD at least fourteen (14) days prior to  
10 the execution of the franchise agreement or receipt of the franchise fee payment.

11 K. The Commissioner finds that KG offered and sold seven (7) franchises in California  
12 without being registered with the Commissioner or exempt, in violation of section 31110.

13 L. The Commissioner also finds that WR offered and sold one (1) franchise in California  
14 without being registered with the Commissioner or exempt, in violation of section 31110.

15 M. The Commissioner further finds KG failed to provide prospective franchisees in  
16 California with an FDD at least fourteen (14) days prior to the receipt of consideration in seven (7)  
17 instances, in violation of section 31119.

18 N. The Commissioner finally finds that WR failed to provide a prospective franchisee in  
19 California with an FDD at least fourteen (14) days prior to the receipt of consideration in one (1)  
20 instance, in violation of section 31119.

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

23 **II.**

24 **TERMS AND CONDITIONS**

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

1           2.       Desist and Refrain Order. Pursuant to Corporations Code section 31406, Karpaty &  
2 Gemignani, LLC. is hereby ordered to desist and refrain from the violations of Corporations Code  
3 sections 31110, and 31119, set forth herein. The issuance of this Order is necessary, in the public  
4 interest, for the protection of investors, and is consistent with the purposes, policies, and provisions  
5 of the Franchise Investment Law.

6           3.       Desist and Refrain Order. Pursuant to Corporations Code section 31406, Wiseguy's  
7 Restaurant, LLC. is hereby ordered to desist and refrain from the violations of Corporations Code  
8 sections 31110, and 31119, set forth herein. 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           4.       Penalties. Karpaty & Gemignani, LLC shall pay an administrative penalty of \$35,000  
12 (Penalties) no later than fifteen (15) days after the effective date of this Consent Order as defined in  
13 Paragraph 23 (Effective Date). The Penalties must be made payable in the form of a cashier's check  
14 or Automated Clearing House deposit to the Department and transmitted to the attention of  
15 Accounting at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
16 Sacramento, California 95834. Notice of the payment must be concurrently sent via email to Marisa  
17 I. Urteaga-Watkins, Esq. at marisa.urteaga-watkins@dfpi.ca.gov. Failure to pay Penalties in a  
18 timely manner shall be deemed to be a material breach of this Consent Order.

19           5.       Penalties. Wiseguy's Restaurant, LLC. shall pay an administrative penalty of \$5,000  
20 (Penalties) no later than fifteen (15) days after the effective date of this Consent Order as defined in  
21 Paragraph 23 (Effective Date). The Penalties must be made payable in the form of a cashier's check  
22 or Automated Clearing House deposit to the Department and transmitted to the attention of  
23 Accounting at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
24 Sacramento, California 95834. Notice of the payment must be concurrently sent via email to Marisa  
25 I. Urteaga-Watkins, Esq. at marisa.urteaga-watkins@dfpi.ca.gov. Failure to pay Penalties in a  
26 timely manner shall be deemed to be a material breach of this Consent Order.

27           6.       Waiver of Hearing Rights. KG and WR acknowledge that the Commissioner is  
28 ready, willing, and able to proceed with the filing of an administrative enforcement action on the

1 charges contained in this Consent Order. KG and WR hereby waive the right to any hearings, and to  
2 any reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the  
3 Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any other provision of  
4 law. KG and WR further expressly waive any requirement for the filing of an accusation pursuant to  
5 Government Code section 11415.60, subdivision (b). By waiving such rights, KG and WR  
6 effectively consent to this Consent Order becoming final.

7       7.     Failure to Comply with Consent Order. KR and WR agree that if either fails to  
8 comply with the terms of this Consent Order, the Commissioner may, in addition to all other  
9 available remedies it may invoke under the FIL, summarily suspend or revoke KG and/or WR’s  
10 franchise registration (if applicable) or deny KG and/or WR’s FIL applications (if applicable), until  
11 KG and WR are in compliance. KG and WR waive any notice and hearing rights to contest such  
12 summary actions by the Commissioner, which may be afforded under the FIL, APA, CCP, or any  
13 other provision of law.

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

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

24       10.    Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s  
25 ability to assist any other government agency (whether city, county, state, or federal) with any  
26 administrative, civil, or criminal action brought by that agency against KG and/or WR, or any other  
27 person based upon any of the activities alleged in this matter or otherwise.  
28

1           11.    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           12.    Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
5 interest.

6           13.    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           14.    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           15.    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           16.    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

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

3 17. 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 18. Effect Upon Future Proceedings. If KG and/or WR apply for any license,  
7 registration, permit, or qualification under the Commissioner’s current or future jurisdiction, or is  
8 the subject of any future action by the Commissioner to enforce this Consent Order, then the subject  
9 matter hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

10 19. Voluntary Order. KG and WR enter 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  
13 represent and acknowledge that the party is executing this Consent Order completely voluntarily  
14 and without any duress or undue influence of any kind from any source.

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

17 To KG, WR and Slice: Attn: Nicholas A. D'Amico Esq.  
18 Quarles & Brady, LLP.  
19 101 East Kennedy Blvd., Suite 3400  
Tampa, Florida 33602

20 To the Commissioner: Marisa I. Urteaga-Watkins, Esq,  
21 Department of Financial Protection and Innovation  
22 2101 Arena Blvd.  
23 Sacramento, California 95834  
marisa.urteaga-watkins@dfpi.ca.gov

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

26 22. Public Record. KG and WR hereby acknowledge that this Consent Order is and will  
27 be a matter of public record.  
28

23. 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 Slice, KG and WR’s agent, Nicholas A. D’Amico Esq. at Nicholas.DAmico@quarles.com

24. 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: 9/19/2022

\_\_\_\_CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

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

COLLEEN MONAHAN  
Acting Deputy Commissioner

Dated: 9/15/2022

KARPATY & GEMIGNANI, LLC.

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

TREVOR HEWITT  
Vice President and Managing Member

Dated: 9/15/2022

WISEGUY’S RESTAURANT, LLC.

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

TREVOR HEWITT  
Vice President and Managing Member