

1 CLOTHIDE V. HEWLETT  
Commissioner of Financial Protection and Innovation  
2 COLLEEN MONAHAN  
Acting Deputy Commissioner  
3 THERESA LEETS  
Assistant Chief Counsel  
4 MARISA I. URTEAGA-WATKINS (State Bar No. 236398)  
Counsel  
5 Department of Financial Protection and Innovation  
6 2101 Arena Blvd.  
Sacramento, California 95834  
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8 Attorneys for Complainant

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

11 In the Matter of: )  
12 THE COMMISSIONER OF FINANCIAL )  
13 PROTECTION AND INNOVATION, )  
14 Complainant, ) CONSENT ORDER  
15 v. )  
16 TEA O’LA, INC., also known as TEA O’ LA, )  
17 Respondent. )  
18 )

19 This Consent Order is entered into between the Commissioner of Financial Protection and  
20 Innovation (Commissioner), and Tea O’LA, Inc., doing business as Tea O’LA (TLA) collectively,  
21 Parties, and is made with respect to the following facts:

22 I.

23 RECITALS

24 A. The Commissioner is the head of the Department of Financial Protection and  
25 Innovation (Department) and is responsible for administering and enforcing the Franchise  
26 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises  
27 in California. To register a franchise, a franchisor must file an application which includes a Uniform  
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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

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

5 B. At all relevant times, TLA was and is a California corporation with a principal place  
6 of business located at 124 W. Valley Blvd., San Gabriel, California 91776. At all relevant times,  
7 TLA offers and sells franchises that provides beverages, light meals, and related food items to  
8 California consumers. At all relevant times, TLA engaged in the offer and sale of TLA franchises in  
9 California. At all relevant times, TLA was registered to offer and sell franchises in California by the  
10 Department from August 18, 2014, to April 20, 2022.

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

14 D. From at least March 2020 to May 2022, TLA executed five (5) franchise agreements,  
15 and/or collected franchise fees for each of the franchisees in California (California Stores). However,  
16 TLA did not provide the California Stores franchisees with an FDD at all, let alone at least fourteen  
17 (14) days prior to the execution of the franchise agreement and/or receipt of the franchise fee  
18 payment.

19 E. Pursuant to section 31150, every franchisor or subfranchisor offering franchises for  
20 sale in California shall at all times keep and maintain a complete set of books, records, and accounts  
21 of such sales.

22 F. On or about April 12, 2022, and June 8, 2022, the Department issued Requests for  
23 Documents requiring TLA to produce any and all copies of FDD receipts collected from the  
24 California Stores franchisees, records of franchise sales, and cancelled checks and other financial  
25 information from the California Stores franchisees and/or prospective franchisees to show payments  
26 made to TLA. TLA failed to produce the requested books, records, documents and accounts of  
27 franchise sales because TLA did not possess and/or maintain the requested books, records,  
28 documents and accounts.

1 G. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue  
2 statement of a material fact in any application, notice or report filed with the Commissioner under  
3 the FIL, or willfully omit to state in any such application, notice, or report any material fact which is  
4 required to be stated therein or fail to notify the Commissioner of any material change as required by  
5 section 31123.

6 H. TLA was registered to offer and sell franchises in California by the Department from  
7 August 18, 2014, to April 20, 2022. In each FDD registered with the Department, TLA asserts to the  
8 Commissioner that each franchisee must receive a TLA FDD at least fourteen (14) days prior to  
9 executing a binding agreement or providing consideration to TLA. However, from at least March  
10 2020 to May 2022, TLA failed to disclose to the Commissioner TLA did not provide FDDs to the  
11 California Stores franchisees.

12 I. The Commissioner finds that TLA, on at least five (5) instances, failed to provide  
13 franchisees in California with a TLA FDD at least fourteen (14) days prior to the receipt of  
14 consideration in violation of section 31119.

15 J. The Commissioner also finds that TLA, on at least (5) instances, failed to at all times  
16 keep and maintain a complete set of books, records, and accounts of franchise sales, in violation of  
17 section 31150.

18 K. The Commissioner finally finds that TLA, on at least (5) instances, failed to disclose  
19 to the Commissioner that TLA did not provide investors with a TLA FDD at least fourteen (14) days  
20 prior to the receipt of consideration, or at all, in violation of section 31200.

21 L. 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 K 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, Tea O’LA,  
2 Inc., also doing business as Tea O’LA, is hereby ordered to desist and refrain from the violations of  
3 Corporations Code sections 31119, 31150, and 31200 set forth herein and from violating the  
4 Franchise Investment Law. The issuance of this order is necessary, in the public interest, for the  
5 protection of investors, and is consistent with the purposes, policies, and provisions of the Franchise  
6 Investment Law.

7           3.       Penalties. TLA shall pay an administrative penalty of \$20,000 (Penalties) no later  
8 than fifteen (15) days after the effective date of this Consent Order as defined in Paragraph 22  
9 (Effective Date). The Penalties must be made payable in the form of a cashier’s check or Automated  
10 Clearing House deposit to the Department and transmitted to the attention of **Accounting – SRD**  
11 **Franchise Unit** at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
12 Sacramento, California 95834. Notice of the payment must be concurrently sent via email to Marisa  
13 I. Urteaga-Watkins, Esq. at marisa.urteaga-watkins@dfpi.ca.gov. Failure to pay Penalties in a  
14 timely manner shall be deemed to be a material breach of this Consent Order.

15           4.       Remedial Education. TLA agrees that the following class of persons are required to  
16 and will attend remedial education in each of their respective businesses: (1) Jimmy Huang; (2) All  
17 persons with direct management responsibility relating to the sale of franchises; (3) All persons who  
18 assist in preparing franchise materials (excluding outside lawyers and accountants); and (4) The  
19 person who certifies the accuracy of any TLA franchise disclosure document. Each of these persons  
20 shall complete at least eight (8) hours of continuing education offered by a Commissioner approved  
21 franchise attorney within six (6) months of the Effective Date of this Consent Order. TLA shall file  
22 proof of compliance, a certificate of completion with a sworn affidavit that each required party  
23 completed the remedial education from the approved training provider to the Commissioner upon  
24 completion of the required remedial education. Proof of compliance shall be sent to the Department  
25 of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins, Counsel, 2101 Arena  
26 Blvd., Sacramento, California 95834 and at marisa.urteaga-watkins@dfpi.ca.gov.

27           5.       Waiver of Hearing Rights. TLA acknowledges that the Commissioner is ready,  
28 willing, and able to proceed with the filing of an administrative enforcement action on the charges

1 contained in this Consent Order. TLA hereby waives the right to any hearings, and to any  
2 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. TLA further expressly waives any requirement for the filing of an accusation pursuant to  
5 Government Code section 11415.60, subdivision (b). By waiving such rights, TLA effectively  
6 consents to this Consent Order becoming final.

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

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 TLA,  
15 if the Commissioner discovers that TLA knowingly or willfully withheld or misrepresented  
16 information used for and relied upon in this Consent Order.

17       8.     Future Actions by Commissioner. If TLA fails to comply with any terms of the  
18 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
19 resolved by this Consent Order. The Commissioner reserves the right to bring any future actions  
20 against TLA, or any of its 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 TLA, 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

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 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 TLA applies for any license, registration, permit,  
7 or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any  
8 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 Order. TLA enters this Consent Order voluntarily and without coercion  
11 and acknowledges that no promises, threats, or assurances have been made by the Commissioner or  
12 any officer, or agent thereof, about this Consent Order. The Parties each represent and  
13 acknowledge that he, she, or it is executing this Consent Order completely voluntarily and without  
14 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 Tea O’LA: Attn: Min Chai, Esq.  
18 MKC Law Group  
19 9070 Irvine Center Dr., Suite 135  
Irvine, CA 92618

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

26 21. Public Record. TLA hereby acknowledges that this Consent Order is and will be a  
27 matter of public record.  
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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 TLA’s agent, Min Chai, Esq. at mchai@mkc-law.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: 10/03/2022

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

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

COLLEEN MONAHAN  
Acting Deputy Commissioner

Dated: 9/30/2022

TEA O’LA, INC., doing business as TEA O’LA

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

XXXXXXXXXX  
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