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11 Attorneys for Complainant

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

14  
15 In the Matter of: )

16 THE COMMISSIONER OF FINANCIAL )  
17 PROTECTION AND INNOVATION, )

18 Complainant, )

19 v. )

20 UNITED STUDIOS OF SELF DEFENSE, )  
21 INC., a California Corporation; CHARLES )  
ANTHONY MATTERA, an individual, )

22 Respondents. )  
23 \_\_\_\_\_ )

SETTLEMENT AGREEMENT

24 This Settlement Agreement is entered into by and between the Commissioner of Financial  
25 Protection and Innovation (Commissioner) and Respondents United Studios of Self Defense, Inc.  
26 (USSD), a California Corporation, and Charles Anthony Mattera (Mattera), an individual,  
27 (collectively the Parties) and is made with respect to the following facts:

28 ///

**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 Investment Law (FIL) (Cal. Corp. Code §§ 31000-31516),<sup>1</sup> and registering the offer and sale of franchises in California.

B. Respondent USSD is a California Corporation formed on October 28, 1988 and is authorized to conduct business in California. USSD previously conducted business from 9 Hubble, Irvine, California 92618. USSD now conducts business from 3 Leatherwood Court, Coto de Caza, California 92679.

C. Respondent Mattera is a resident of Orange County, California, and is USSD's founder, owner, and chief executive officer and has been since formation.

D. USSD has operated a martial arts franchise from its office in Orange County, California from at least 1993 to the present.

E. On January 3, 2022, the Commissioner issued Respondents citations, including: (1) desist and refrain order for violations of Corporations Code sections 31110, 31119, 31200, and 31201; (2) assessment of administrative penalties under Corporations Code section 31406; and (3) claim for ancillary relief under Corporations Code section 31408 (2022 Citations). The 2022 Citations are incorporated herein by reference.

F. On January 6, 2022, the Commissioner served the 2022 Citations on USSD and Mattera.

G. In the 2022 Citations, the Commissioner alleged that USSD and Mattera committed the following FIL violations:

i. offered and sold non-exempt, unregistered franchises in California from May 1997 through at least September 2018 in violation of section 31110;

ii. offered and sold franchises in California from October 1999 through at least December of 2012 without first providing prospective franchisees, at least 14 days prior to the

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



1           3.       Penalties. Respondent shall pay to the Commissioner an administrative penalty of  
2 \$100,000.00 from the proceeds of the sale of USSD, paid within 60 days of the date of sale. Mattera  
3 agrees to include an escrow instruction in the USSD sale transaction for the payment of the penalty.  
4 The penalty must be made payable in the form of a cashier’s check or Automated Clearing House  
5 deposit to the Department of Financial Protection and Innovation and transmitted to the attention of  
6 Accounting – Litigation, at the Department of Financial Protection and Innovation, 2101 Arena  
7 Boulevard, Sacramento, California 95834. Notice of the payment must be concurrently sent to  
8 Senior Counsel Danielle A. Stoumbos at [danielle.stoumbos@dfpi.ca.gov](mailto:danielle.stoumbos@dfpi.ca.gov).

9           4.       Five-Year Bar Order. Pursuant to sections 31406 and 31408, Respondent Mattera  
10 agrees to an order barring him from any position of ownership, management, control, or  
11 employment of any company that offers or sells franchises in or from California, including USSD,  
12 for a period of five years, beginning on the Effective Date as defined in Paragraph 28 (Effective  
13 Date). Mattera is further ordered and agrees not to offer or sell franchises in or from California for  
14 five years, beginning on the Effective Date (collectively the Bar Order). Mattera may retain his  
15 ownership interest in USSD during the Sale Period until his ownership interest is sold to an  
16 independent third party.

17           5.       Cancellation Offer

18           a.       Pursuant to sections 31406 and 31408, Respondents are ordered and agree to  
19 offer to cancel the following license and/or franchise agreements from the following franchisees  
20 nationwide (the Franchise Class):

21                   i.       Individuals or their business entities with a currently open outlet that  
22 the Commissioner alleges USSD offered or sold an unregistered franchise to;

23                   ii.       franchisees with a currently open outlet that signed a franchise  
24 agreement from January 1, 2012 through December 31, 2015; and,

25                   iii.       franchisees who, prior to the Effective Date of this Settlement  
26 Agreement, de-branded or otherwise left the USSD system and have a currently effective franchise  
27 or license agreement, except those franchisees or licensees who have executed settlement  
28 agreements with Respondents containing a general release in favor of Respondents.

1           b.       Respondents have provided the Commissioner with a list of the franchisees  
2 (including contact information) included in the Franchise Class. This list was compiled from the list  
3 of currently open USSD locations, which are reflected on the USSD website at [www.ussd.com](http://www.ussd.com).

4           c.       Respondents submitted to the Commissioner a draft Cancellation Offer  
5 (Cancellation Offer). The Commissioner approved the Cancellation Offer before executing this  
6 Settlement Agreement.

7           d.       Within 15 days of the Effective Date, Respondents shall:

8                   i.       serve the Cancellation Offer and a copy of this Settlement  
9 Agreement on each franchisee in the Franchise Class by email and certified returned receipt mail at  
10 their last known address and email address. Respondents shall not include any other documents in  
11 the mailing and shall not send any separate correspondence regarding the Cancellation Offer and  
12 Settlement Agreement; and,

13                   ii.       submit to the Commissioner a copy of the email and return receipt  
14 cards providing the Cancellation Offer and a copy of this Settlement Agreement that was sent to  
15 each franchisee in the Franchise Class. Respondents will notify the Commissioner of any  
16 undelivered mail and emails to franchisees.

17           e.       Respondents shall provide franchisees 45 days from the date of receipt to  
18 respond to the Cancellation Offer.

19           f.       Within 30 days from the end of the 45-day cancellation period, Respondents  
20 shall submit to the Commissioner documentation evidencing each franchisee in the Franchise  
21 Class's response to the Cancellation Offer, including the written cancellation agreements for each  
22 franchisee who elects to cancel (the Cancellation Offer Report). The documentation of each  
23 response shall be sent to the attention of: Senior Counsel Danielle A. Stoumbos at  
24 [danielle.stoumbos@dfpi.ca.gov](mailto:danielle.stoumbos@dfpi.ca.gov).

25           g.       Respondents agree that within 90 days of the Effective Date, if any  
26 franchisee in the Franchise Class maintains that it should be included in the Cancellation Offer  
27 class, and has not received the Cancellation Offer, Respondents will promptly notify the  
28 Commissioner and provide a Cancellation Offer (in accordance with this Settlement Agreement) to

1 any franchisee who can present a license or franchise agreement and meets at least one of the  
2 qualifications in the Franchise Class in Paragraph 5.a. of this Settlement Agreement.

3         6.         Sale of USSD. Pursuant to sections 31406 and 31408, Respondent Mattera is  
4 ordered and agrees to sell all his ownership interest in USSD within nine months (the Sale Period)  
5 from the date USSD submits the Cancellation Offer Report. Any sale of USSD shall be an arms-  
6 length transaction to an independent third party in which Mattera shall not have any personal or  
7 financial interest, or any interest or participation in employment, management, or control. If USSD  
8 is in escrow at the time a sale is required, it will be deemed to have been “sold” under this  
9 Settlement Agreement. For purposes of this Settlement Agreement, the date of sale of USSD shall  
10 be the closing of escrow. If Mattera is unable to finalize a transaction within the nine months, then  
11 Mattera can submit a request for a nine-month extension of this deadline in writing, including a  
12 description of Mattera’s efforts to sell USSD and plan going forward.

13         7.         Consideration. The Commissioner agrees that the 2022 Citations, this Settlement  
14 Agreement, the 1990 D&R Order, the 1996 Permanent Injunction, and the December 4th Order, as  
15 defined in the 2022 Citations, shall not be used as a basis to deny any future franchise application  
16 filed by USSD under its new owner.

17         8.         Waiver of Hearing Rights. Respondents acknowledge that the Commissioner is ready,  
18 willing, and able to proceed with the 2022 Citations, and Respondents hereby waive the right to any  
19 hearings, and to any reconsideration, appeal, or other right to review which may be afforded  
20 pursuant to the FIL, the California Administrative Procedure Act, the California Code of Civil  
21 Procedure, or any other provision of law; and by waiving such rights, Respondents effectively  
22 consent to this Settlement Agreement and all of its orders and terms becoming final. This waiver is  
23 limited to the issues raised in the 2022 Citations. This waiver is not effective or enforceable if the  
24 Commissioner or the Department attempt to revoke this Settlement Agreement. If the Commissioner  
25 or the Department attempt to revoke this Settlement Agreement, then Respondents shall be entitled  
26 to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded  
27 pursuant to the FIL, the California Administrative Procedure Act, the California Code of Civil  
28 Procedure, or any other provision of law.

1           9.       Opportunity to Cure. In the event Respondents fail to comply with the terms of this  
2 Settlement Agreement (except for the Desist and Refrain Order and Bar Order), Respondents will  
3 have 10 calendar days from the date written on the notice emailed by the Commissioner to  
4 Respondents (Notice) at the email address in Paragraph 25 to cure such breach. Proof of cure,  
5 satisfactory to the Commissioner, shall be sent via traceable method via email by Respondents  
6 within 15 days of the date of Notice to Senior Counsel Danielle A. Stoumbos at  
7 danielle.stoumbos@dfpi.ca.gov.

8           10.       Failure to Comply with the Desist and Refrain Order or Bar Order or Cure Breach.  
9 Respondents agree that if they fail to comply with the Desist and Refrain Order or Bar Order in this  
10 Settlement Agreement, or fail to timely cure any breach, the Commissioner may, in addition to all  
11 other available remedies she may invoke under the FIL and this Settlement Agreement, summarily  
12 suspend, revoke, or deny Respondents' FIL registration (if applicable) and permanently bar Mattera  
13 from ownership, management, control, or employment of any company that offers and sells  
14 franchises in or from California and bar Mattera from offering or selling franchises in or from  
15 California. Respondents stipulate to the finality of any such FIL permanent bar and registration  
16 suspensions, revocations, or denials that the Commissioner may order. Respondents waive any  
17 notice and hearing rights to contest such permanent bar and summary suspensions, revocations, or  
18 denials which may be afforded under the FIL, the California Administrative Procedure Act, the  
19 California Code of Civil Procedure, or any other provision of law in connection therewith.

20           11.       Information Willfully Withheld or Misrepresented. This Settlement Agreement may  
21 be revoked, and the Commissioner may pursue any and all claims available under law against  
22 Respondents if the Commissioner discovers that Respondents knowingly or willfully withheld or  
23 misrepresented information used for and relied upon in this Settlement Agreement.

24           12.       Full and Final Settlement. The Parties hereby acknowledge and agree that this  
25 Settlement Agreement is intended to constitute a full, final, and complete resolution of the violations  
26 described in the 2022 Citations, and that no further proceedings or actions will be brought by the  
27 Commissioner in connection with these matters under the FIL or any other provision of law,  
28 excepting therefrom any proceeding as described in Paragraphs 10, 11 or 13. Respondents and the

1 Commissioner agree that this Settlement Agreement resolves any and all alleged violations,  
2 complaints, and ongoing investigations known to the Commissioner and the Department as of the  
3 Effective Date of this Settlement Agreement. Respondents and the Commissioner further agree that  
4 for any and all violations of the California Franchise Investment Law unknown to the Commissioner  
5 and the Department as of the Effective Date of this Settlement Agreement, including any complaints  
6 or investigations that are initiated after the Effective Date of this Settlement Agreement and that  
7 arise out of an alleged violation that predates the Effective Date of this Settlement Agreement  
8 (Unknown FIL Claims), Respondents will agree to send a Cancellation Offer consistent with the  
9 procedures set forth above. The Parties acknowledge that franchisees or licensees who have executed  
10 settlement agreements with Respondents containing a general release in favor of Respondents and  
11 who no longer have an effective franchise or license agreement with Respondents, will not be  
12 entitled to a Cancellation Offer. The Parties further acknowledge that Respondents retain all rights to  
13 dispute any FIL violations of any Unknown FIL Claims at a hearing, and to any reconsideration,  
14 appeal, or other right to review which may be afforded pursuant to the FIL, the California  
15 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law.  
16 The Commissioner and the Department agree that the Cancellation Offer and a Citation with a Desist  
17 and Refrain Order or Order to Discontinue Violations which does not include penalties or other  
18 ancillary relief shall be the only remedies they can seek against Respondents on Unknown FIL  
19 Claims. This provision is limited to unknown claims of the Franchise Investment Law and does not  
20 apply to alleged violations under any other law in the Commissioner's current or future jurisdiction  
21 that predate the Effective Date of this Settlement Agreement.

22 13. Future Actions by Commissioner. If Respondents fail to comply with any terms of  
23 this Settlement Agreement, the Commissioner may take any action authorized under law to enforce  
24 the Settlement Agreement. Except as provided in Paragraph 12, the Commissioner reserves the right  
25 to bring any future actions against USSD, or any of its partners, owners, officers, shareholders,  
26 directors, employees, or successors, or Mattera, for any and all unknown violations of the FIL or any  
27 other law under the Commissioner's jurisdiction.  
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1           14.    Effect Upon Future Proceedings. If Respondents are the subject of any future action  
2 by the Commissioner to enforce this Settlement Agreement under Paragraph 13, then Respondents  
3 agree not to dispute the subject matter as referenced in Paragraph E hereof for the purpose of such  
4 enforcement proceeding(s). However, if the Commissioner seeks to revoke this Settlement  
5 Agreement, then Respondents may and will dispute the findings in the 2022 Citations and in this  
6 Settlement Agreement.

7           15.    Effect Upon Future Applications. If Respondents apply for any license, registration,  
8 permit, or qualification under the Commissioner’s current or future jurisdiction, then the subject  
9 matter hereof shall be admitted for the purpose of such application(s) (except any future franchise  
10 application filed by USSD under its new ownership). Any claims, violations, or actions of the  
11 Franchise Investment Law that are the subject of the 2022 Citations will not be held against USSD  
12 when the new owner applies to register a franchise for sale in California.

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

18           17.    Headings. The headings to the paragraphs of this Settlement Agreement are inserted  
19 for convenience only and will not be deemed a part hereof or affect the construction or  
20 interpretation of the provisions hereof.

21           18.    Binding. This Settlement Agreement is binding on all heirs, assigns, and/or  
22 successors in interest.

23           19.    Reliance. Each of the parties represents, warrants, and agrees that in executing this  
24 Settlement Agreement, it has relied solely on the statements set forth herein and the advice of its  
25 own counsel. Each of the parties further represents, warrants, and agrees that in executing this  
26 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any  
27 other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
28 party or any other person or entity to make any statement, representation, or disclosure of anything

1 whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in  
2 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the  
3 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
4 Settlement Agreement.

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

11       21.     Full Integration. This Settlement Agreement is the final written expression and the  
12 complete and exclusive statement of all the agreements, conditions, promises, representations, and  
13 covenant 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       22.     Governing Law. This Settlement Agreement will be construed in accordance with  
18 California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby  
19 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to  
20 the maintenance of such action or proceeding in such court.

21       23.     Voluntary Agreement. Respondents enter into this Settlement Agreement voluntarily  
22 and without coercion and acknowledges that no promises, threats, or assurances have been made by  
23 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The parties  
24 each represent and acknowledge that he, she, or it is executing this Settlement Agreement  
25 completely voluntarily and without any duress or undue influence of any kind from any source.

26       24.     Counterparts. This Settlement Agreement may be executed in one or more separate  
27 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
28 together constitute a single document.



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Dated: December 29, 2022

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: December 29, 2022

UNITED STUDIOS OF SELF DEFENSE, INC.

By: \_\_\_\_\_  
CHARLES ANTHONY MATTERA  
Chief Executive Officer

Dated: December 29, 2022

CHARLES ANTHONY MATTERA

By: \_\_\_\_\_  
CHARLES ANTHONY MATTERA  
Individual

Dated: December 29, 2022

APPROVED AS TO FORM:  
FILEMON CARRILLO



By: \_\_\_\_\_  
FILEMON CARRILLO  
Respondent's Counsel