

1 CLOTHILDE V. HEWLETT  
Commissioner  
2 MARY ANN SMITH  
Deputy Commissioner  
3 SEAN ROONEY  
Assistant Chief Counsel  
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Senior Counsel  
5 Department of Financial Protection & Innovation  
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10 Attorneys for Complainant

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

13  
14 In the Matter of: )  
15 THE COMMISSIONER OF FINANCIAL )  
16 PROTECTION AND INNOVATION, )  
17 Complainant, ) CONSENT ORDER  
18 v. )  
19 SIGN GYPSIES LLC )  
20 Respondent. )

21  
22 This Consent Order is entered into between the Commissioner of Financial Protection and  
23 Innovation (Commissioner) and Sign Gypsies LLC (Sign Gypsies or Respondent) (collectively the  
24 Parties) and is made with respect to the following facts:

25 **I.**

26 **Recitals**

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

1 Investment Law (FIL) (Corp. Code, § 31000 et seq.),<sup>1</sup> and registering the offer and sale of franchises  
2 in California. To register a franchise, a franchisor must file an application which includes a Uniform  
3 Franchise Disclosure Document (FDD) with the Department for review and approval, in accordance  
4 with sections 31111 and 31114. The FIL requires franchisors to disclose certain material information  
5 which is intended to provide prospective franchisees with facts upon which to make an informed  
6 decision to purchase a franchise, as stated in section 31001.

7 B. Sign Gypsies LLC is a Texas limited liability company formed on July 12, 2016.  
8 Respondent’s principal business address is 601 S. Ohio Drive, Celina, Texas 75009.

9 C. The Commissioner finds that Respondent offered and sold offered and sold non-  
10 exempt, unregistered franchises in California from 2018 to 2020 in violation of section Corporations  
11 Code section 31110. Twenty franchises were sold through licensing agreements executed in  
12 California. An affiliate entity, Sign Gypsies Franchising, LLC, later registered a franchise with the  
13 Department, in 2020. Eighteen of the twenty licensing agreement franchisees signed franchise  
14 agreements with Sign Gypsies Franchising, LLC that were properly registered with the Department.  
15 Two of the licensing agreement franchisees did not sign franchise agreements with Sign Gypsies  
16 Franchising, LLC, and their license agreements ultimately expired.

17 D. Respondent acknowledges and agrees with the Commissioner’s findings.

18 E. 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 recital C above, in a manner that avoids the expense of a hearing and other possible court  
24 proceedings, protects consumers, is in the public interest, and is consistent with the purposes and  
25 provisions of the FIL.  
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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

1           2.       Finality of Consent Order. Sign Gypsies hereby agrees to comply with this Consent  
2 Order and, further, stipulates that this Consent Order is hereby deemed a final and enforceable  
3 order.

4           3.       Final Desist and Refrain Order. Sign Gypsies hereby stipulates that, in accordance  
5 with Corporations Code section 31402, Sign Gypsies shall desist and refrain from violating  
6 Corporations Code sections 31110 and 31119.

7           4.       Penalties. Respondent shall pay an administrative penalty of \$30,000.00, subject to  
8 offset accounting for refunds made by Respondent pursuant to the Licensing Fee Refund Offers (as  
9 described in paragraph 6) and Non-Continuation Refund Offers (described in paragraph 7). The  
10 administrative penalty shall be paid no later than 400 days after the effective date of this Consent  
11 Order as defined in paragraph 27 (Effective Date). The penalty must be made payable in the form of  
12 a cashier’s check or Automated Clearing House deposit to the Department of Financial Protection  
13 and Innovation and transmitted to the attention of Accounting – Litigation, at the Department of  
14 Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834. Notice  
15 of the payment must be concurrently sent to senior counsel Allard Chu at allard.chu@dfpi.ca.gov.

16           5.       Remedial Education. The following class of persons are required to attend remedial  
17 California franchise law compliance education: (1) all principal officers, directors, trustees, and  
18 any other individual who will have management responsibility relating to the sale or operation of  
19 franchises, including but not limited to, Stacey Hess and Jenny Hake; (2) all persons who assist in  
20 preparing franchise materials (excluding outside lawyers and auditors); (3) any person selling  
21 Respondent’s franchise; and (4) the person who certifies the accuracy of Respondent’s Franchise  
22 Disclosure Document filed with the Commissioner. Each of these persons shall attend eight hours  
23 of remedial education within 90 days from the Effective Date of this Consent Order, in the form of  
24 franchise law training courses offered by a seasoned franchise attorney to be approved by the  
25 Department. Live, remote remedial education will be allowed. Respondent shall file proof of  
26 compliance, in the form of a sworn statement of each person required to take remedial education,  
27 under penalty of perjury, within 90 days from the Effective Date of this Consent Order.

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1           6.       Licensing Fee Refund Offer

2           a.       Respondent agrees to offer refunds of licensing fees paid pursuant to the  
3 licensing agreements (Licensing Fee Refund Offers) for each of the eighteen franchisees in  
4 California who were offered and sold a franchise in the form of a licensing agreement (Franchisee  
5 Class) and who ultimately signed a registered franchise agreement with Sign Gypsies Franchising,  
6 LLC.

7           b.       Within 30 days of the Effective Date of this Consent Order, Respondent shall  
8 submit to the Commissioner proof(s) of service (by email and certified mail) of (i) the Licensing  
9 Fee Refund Offers and (ii) a copy of this Consent Order to each of the franchisees in the Franchisee  
10 Class. The Licensing Refund Offers shall contain language as provided below.

11           Following a Consent Order between The Commissioner of Financial Protection and  
12 Innovation and Sign Gypsies LLC (Sign Gypsies), it has been determined that you  
13 entered into a licensing agreement between 2018 and 2020 with Sign Gypsies that  
14 was an unregistered franchise under the California Franchise Investment Law.  
15 Accordingly, Sign Gypsies has agreed to inform you of the Consent Order, a copy of  
16 which is attached hereto, and to offer a refund of licensing fees collected pursuant to  
17 the licensing agreement. Should you wish to obtain the refund, you must  
18 affirmatively contact Sign Gypsies in writing within 1 year of delivery of this letter  
19 (by email or mail) to request the refund. Email shall be directed to the attention of  
20 Stacey Hess at [sgcalicensee@gmail.com](mailto:sgcalicensee@gmail.com). Mail shall be sent to Stacey Hess,  
21 President, Sign Gypsies LLC, 601 S. Ohio Drive, Celina, Texas 75009.

22           Respondent shall not include any other documents in the mailing. The Proof(s) of Service shall be  
23 sent to the attention of Allard Chu, Senior Counsel, at [allard.chu@dfpi.ca.gov](mailto:allard.chu@dfpi.ca.gov).

24           c.       Within 400 days of the Effective Date of this Consent Order, Respondent  
25 shall submit to the Commissioner satisfactory documentation evidencing each franchisee in the  
26 Franchisee Class' response to the Licensing Fee Refund Offers. The documentation of each  
27 response shall be sent to the attention of Allard Chu, Senior Counsel, at [allard.chu@dfpi.ca.gov](mailto:allard.chu@dfpi.ca.gov).

28           d.       Within 400 days of the Effective Date of this Consent Order, Respondent  
shall make all payments required under the Licensing Fee Refund Offers. Respondent shall submit  
evidence of the refunds to Allard Chu, Senior Counsel, at [allard.chu@dfpi.ca.gov](mailto:allard.chu@dfpi.ca.gov). Evidence of  
refunds shall include franchisee business name and owner name, last known address and/or any

1 other contact information (including telephone number and email address), copies of cleared refund  
2 checks, and copies of certified mail receipts for any checks not cleared.

3 7. Non-Continuation Refund Offer

4 a. Respondent agrees to offer refunds of licensing fees and disgorgement of  
5 costs for product purchases (Non-Continuation Refund Offers) to the two franchisees with license  
6 agreements that did not purchase registered franchises (Non-Continuation Class).

7 b. Within 30 days of the Effective Date of this Consent Order, Respondent shall  
8 submit to the Commissioner proof(s) of service (by email and certified mail) of (i) the Non-  
9 Continuation Refund Offers and (ii) a copy of this Consent Order to each of the franchisees in the  
10 Non-Continuation Class. The Non-Continuation Refund Offers shall contain language as provided  
11 below.

12 Following a Consent Order between The Commissioner of Financial Protection and  
13 Innovation and Sign Gypsies LLC (Sign Gypsies), it has been determined that you  
14 entered into a licensing agreement between 2018 and 2020 with Sign Gypsies that  
15 was an unregistered franchise under the California Franchise Investment Law.  
16 Accordingly, Sign Gypsies has agreed to inform you of the Consent Order, a copy of  
17 which is attached hereto and to offer a refund of licensing fees and disgorgement of  
18 costs for product purchases made as a result of the licensing agreement. Should you  
19 wish to obtain the refund, you must affirmatively contact Sign Gypsies in writing  
within 1 year of delivery of this letter (by email or mail) to request the refund. Email  
shall be directed to the attention of Stacey Hess at [sgcalicensee@gmail.com](mailto:sgcalicensee@gmail.com). Mail  
shall be sent to Stacey Hess, President, Sign Gypsies LLC, 601 S. Ohio Drive, Celina,  
Texas 75009.

20 Respondent shall not include any other documents in the mailing. The Proof(s) of Service shall be  
21 sent to the attention of Allard Chu, Senior Counsel, at [allard.chu@dfpi.ca.gov](mailto:allard.chu@dfpi.ca.gov).

22 c. Within 400 days of the Effective Date of this Consent Order, Respondent  
23 shall submit to the Commissioner satisfactory documentation evidencing each franchisee in the  
24 Non-Continuation Class's response to the Non-Continuation Refund Offers. The documentation of  
25 each response shall be sent to the attention of Allard Chu, Senior Counsel, at  
26 [allard.chu@dfpi.ca.gov](mailto:allard.chu@dfpi.ca.gov).

27 d. Within 400 days of the Effective Date of this Consent Order, Respondent  
28 shall make all payments required under the Non-Continuation Refund Offers. Respondent shall

1 submit evidence of the refunds to Allard Chu, Senior Counsel, at allard.chu@dfpi.ca.gov. Evidence  
2 of refunds shall include franchisee business name and owner name, last known address and/or any  
3 other contact information (including telephone number and email address), copies of cleared refund  
4 checks, and copies of certified mail receipts for any checks not cleared.

5 8. Notice of Consent Order

6 a. Respondent shall provide a copy of this Consent Order to all 20 franchisees in  
7 California who purchased an unregistered license.

8 b. Within 30 days of the Effective Date of this Consent Order, Respondent shall  
9 submit to the Commissioner proof(s) of service (by email and certified mail) of a copy of this  
10 Consent Order to each of the franchisees. With the exception of above identified documents,  
11 Respondent shall not include any other documents in the mailing. The Proof(s) of Service shall be  
12 sent to the attention of:

13 Commissioner: Allard C Chu  
14 Senior Counsel  
15 Department of Financial Protection and Innovation  
16 320 W. 4th Street, Suite 750  
17 Los Angeles, California 90013  
18 allard.chu@dfpi.ca.gov

19 9. Disclosure of the Instant Consent Order. Respondent will include a description of  
20 this instant Consent Order in Item 3 of any Franchise Disclosure Documents affiliated with Sign  
21 Gypsies, including the Franchise Disclosure Documents of Sign Gypsies Franchising, LLC. The  
22 disclosure shall recite the language provided below.

23 In the Matter of a Consent Order between The Commissioner of Financial Protection  
24 and Innovation and Sign Gypsies LLC, before the Commissioner of Financial  
25 Protection and Innovation for the State of California. The Commissioner, as the head  
26 of the Department of Financial Protection and Innovation, alleged that our affiliate  
27 Sign Gypsies LLC violated California Franchise Investment Law by offering and  
28 selling licenses that constituted franchises in California without required disclosures  
and registration. On [EFFECTIVE DATE], our affiliate entered into a Consent Order  
whereby it agreed to desist and refrain from violations of the California Franchise  
Investment Law, provide refunds to licensees, and to pay a penalty of \$30,000.00  
minus offset for refunds.

10. Report to Commissioner. Respondent will provide the Commissioner with proof of  
mailing of the Notice of Violation (the Report), within 30 days of the Commissioner's Order

1 Approving Respondent’s Notice of Violation. Respondent shall submit the Report to Allard Chu,  
2 Senior Counsel, at allard.chu@dfpi.ca.gov.

3 11. Waiver of Hearing Rights. Respondent acknowledges that the Commissioner is  
4 ready, willing, and able to proceed with the filing of an administrative enforcement action on the  
5 charges contained in this Consent Order. Respondent hereby waives the right to any hearings, and to  
6 any reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL, the  
7 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
8 provision of law. Respondent further expressly waives any requirement for the filing of an action  
9 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,  
10 Respondent effectively consents to this Consent Order and all of its terms becoming final.  
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12 12. Opportunity to Cure. In the event Respondent fails to comply with the terms of this  
13 Consent Order, Respondent will have 10 calendar days to cure such breach from the date written  
14 notice of the breach is emailed by the Commissioner to Respondent (Notice) at the email address in  
15 paragraph 24. Proof of cure, satisfactory to the Commissioner, shall be sent via traceable method  
16 with a notice via email by Respondent so that it is received within 15 days of the date of Notice to  
17 Allard Chu, Senior Counsel, at allard.chu@dfpi.ca.gov.

18 13. Failure to Cure Breach. Respondent agrees that if it fails to timely cure any breach to  
19 the satisfaction of the Commissioner, the Commissioner may, in addition to all other available  
20 remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL registration (if  
21 applicable). Respondent stipulates to the finality of any such FIL registration suspensions,  
22 revocations, or denials that the Commissioner may order. Respondent waives any notice and  
23 hearing rights to contest such summary suspensions, revocations, or denials which may be afforded  
24 under the FIL, the California Administrative Procedure Act, the California Code of Civil Procedure,  
25 or any other provision of law in connection therewith.

26 14. Information Willfully Withheld or Misrepresented. This Consent Order may be  
27 revoked, and the Commissioner may pursue any and all remedies available under law against  
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1 Respondent if the Commissioner discovers that Respondent knowingly or willfully withheld or  
2 misrepresented information used for and relied upon in this Consent Order.

3 15. Future Actions by Commissioner. If Respondent fails to comply with any terms of  
4 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
5 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions  
6 against Respondent, or any of its partners, owners, officers, shareholders, directors, employees or  
7 successors for any and all unknown violations of the FIL or any other law under the Commissioner’s  
8 jurisdiction.

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

13 17. Headings. The headings to the paragraphs of this Consent Order are inserted for  
14 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
15 the provisions hereof.

16 18. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
17 interest.

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

27 20. Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
28 of this Consent Order will be valid or binding unless it is in writing and signed by each of the



1 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any  
2 other provision. No waiver by either party of any breach of, or of compliance with, any condition  
3 or provision of this Consent Order by the other party will be considered a waiver of any other  
4 condition or provision or of the same condition or provision at another time.

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

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

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

18 24. Effect Upon Future Proceedings. If Respondent applies for any license, registration,  
19 permit, or qualification under the Commissioner’s current or future jurisdiction, or is the subject of  
20 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof  
21 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

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

27 26. Notice. Any notice required under this Consent Order shall be provided to each  
28 party at the following addresses:

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To Respondent: Stacey Hess, President  
Sign Gypsies LLC  
601 S. Ohio Drive  
Celina, Texas 75009

With a copy to: Cheryl Mullin, Esq.  
Mullin P.C.  
2425 N. Central Expy., Suite 20  
Richardson, Texas 75080

To the Commissioner: Allard C Chu  
Senior Counsel  
Department of Financial Protection and Innovation  
320 W. 4th Street, Suite 750  
Los Angeles, California 90013  
allard.chu@dfpi.ca.gov

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

28. Public Record. Respondent hereby acknowledge that this Consent Order is and will be a matter of public record.

29. 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 counsel, Cheryl Mullin of Mullin, PC at Cheryl.Mullin@mrkpc.com.

30. 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: February 9, 2023 CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

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

Dated: February 3, 2023 SIGN GYPSIES, LLC

By: \_\_\_\_\_  
Stacey Hess, President