

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

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 )  
PROTECTION AND INNOVATION, )  
13 ) CONSENT ORDER  
Complainant, )  
14 v. )  
)  
15 CODEFU, LLC., also known as CODEFU, )  
16 )  
Respondent. )  
17 )  
18 )

19 This Consent Order is entered into between the Commissioner of Financial Protection and  
20 Innovation (Commissioner) and CodeFu, LLC., also known as CodeFu (CF) and together with  
21 Commissioner, (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 that includes a Franchise  
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<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

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

5 B. At all relevant times, CF was and is a California limited liability company with a  
6 principal place of business located at 360 Quaking Aspen Lane, Unit C, Stateline, Nevada, 89449  
7 and 1557 Jackson Street, Suite 112, Oakland, California, 94612. At all relevant times, CF operated  
8 computer science coding class franchises to California consumers. CF engaged in the offer and sale  
9 of CF franchises in California. CF was registered with the Department to offer and sell franchises in  
10 California from January 30, 2018 to April 20, 2018; March 28, 2018 to April 22, 2019 with an  
11 interruption in registration time because CF had filed a post effective amendment (app-12952) for  
12 the application's FDD with the Department on August 27, 2018 that was not registered until  
13 September 28, 2018; March 19, 2019 to April 20, 2020; and October 20, 2020 to April 20, 2021.

14 C. Pursuant to section 31110, it is unlawful for any person to offer or sell a franchise in  
15 this state unless the offer has been registered with the Commissioner or is exempted.

16 D. From at least August 28, 2018, CF entered into at least one (1) franchise agreement  
17 with a California franchisee for the operation of a store, using a system prescribed by CF, in  
18 Southern California (California Store). CF was not registered to offer and sell franchises by the  
19 Commissioner pursuant to the FIL on August 28, 2018.

20 E. Pursuant to section 31200, it is unlawful for any person willfully to make any untrue  
21 statement of a material fact in any application, notice or report filed with the Commissioner under  
22 the FIL, or willfully omit to state in any such application, notice, or report any material fact which is  
23 required to be stated therein or fail to notify the Commissioner of any material change as required by  
24 section 31123.

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

1           G.       In Item 17 of the FDD and Franchise Agreement registered with the Department on  
2 March 28, 2018 (app-10704), CF asserted to the Commissioner and franchisee that consents to  
3 transfer will not be unreasonably withheld. However, Department records show that CF made a  
4 statement that it would not allow transfer without providing any reasonable grounds for withholding  
5 consent. Also, CF provided a financial performance representation (FPR) to at least one franchisee  
6 on at least one (1) occasion, despite the fact that Item 19 of the FDD does not contain any FPR's  
7 made to the Commissioner or otherwise. Specifically, CF asserted to a franchisee in email, "If you  
8 were able to get into 50 of these schools, whether public or private, this Franchise could easily make  
9 around 1/3 of a million dollars every year as well as be able to teach coding to thousands of students;  
10 giving them the tools they'll need for a better future."

11           H.       Pursuant to section 31220, it is unlawful for any franchisor, directly or indirectly,  
12 through any officer, agent or employee, to restrict or inhibit the right of franchisees to join a trade  
13 association or to prohibit the right of free association among franchisees for any lawful purposes.

14           I.       In or about 2020, CF, via email, instructed a CF franchisee that CF franchisees were  
15 prohibited from communicating with other franchisees without notifying CF or going through CF.  
16 This instruction is against public policy, is improper, and unlawful pursuant to the FIL.

17           J.       The Commissioner finds that CF offered and sold at least one (1) CF franchise in  
18 California without being registered with the Commissioner or exempt, in violation of section 31110.

19           K.       The Commissioner also finds that on at least two (2) occasions, CF made untrue  
20 statements of material fact in an FIL application filed with the Commissioner and willfully omitted  
21 to state in their FIL application a material fact which was required to be stated therein or fail to  
22 notify the Commissioner of any material change as required by section 31123, in violation of section  
23 31200.

24           L.       The Commissioner further finds that CF, on at least two (2) occasions, engaged in the  
25 offer or sale of a franchise in California by means of any written or oral communication not  
26 enumerated in section 31200 which includes an untrue statement of a material fact or omits to state a  
27 material fact necessary in order to make the statement made, in light of the circumstances under  
28 which they were made, not misleading.

1 M. The Commissioner finally finds that CF improperly instructed at least one California  
2 franchisee that franchisees were prohibited from communicating with other franchisees without  
3 notifying franchisor or going through franchisor, in violation of section 31220 and public policy.

4 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
5 forth herein, the Parties agree as follows:

6 **II.**

7 **TERMS AND CONDITIONS**

8 1. Purpose. This Consent Order resolves the issues before the Commissioner,  
9 described in the Recitals above, in a manner that avoids the expense of a hearing and other possible  
10 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes  
11 and provisions of the applicable law.

12 2. Desist and Refrain Order. Pursuant to section 31406, CodeFu, LLC., also known as  
13 CodeFu is hereby ordered to desist and refrain from the violations set forth herein, in violation of  
14 Corporations Code sections 31110, 31200, 31201, and 31220 and from any violations of the  
15 Franchise Investment Law. The issuance of this order is necessary, in the public interest, for the  
16 protection of investors, and is consistent with the purposes, policies, and provisions of the Franchise  
17 Investment Law.

18 3. Penalties. CodeFu, LLC., also known as CodeFu shall pay an administrative penalty  
19 of five thousand dollars (\$5,000.00) (Penalties) no later than fifteen (15) days after the Effective  
20 Date of this Consent Order as defined in paragraph 21 (Effective Date). The Penalties must be made  
21 payable in the form of a cashier's check or Automated Clearing House deposit to the Department  
22 and transmitted to the attention of Accounting-Legal at the Department of Financial Protection and  
23 Innovation, 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment must be  
24 concurrently sent via email to marisa.urteaga-watkins@dfpi.ca.gov. Failure to pay Penalties in a  
25 timely manner shall be deemed to be a material breach of this Consent Order.

26 4. Cancellation / Refund Offer. CF agrees to make offers (Cancellation Offers) within  
27 thirty (30) days after the Effective Date of this Consent Order to all California franchisees listed in  
28 the franchisee list (Franchisee List), attached hereto and incorporated by reference herein as

1 “Exhibit A”, to cancel their franchise agreements and obtain a refund of all initial franchise fees and  
2 Deposits paid by such California franchisees. The form of Cancellation Offer shall be in the form  
3 approved by the Commissioner (Cancellation Form), attached hereto and incorporated by reference  
4 herein as “Exhibit B” and shall be sent to franchisees on the Franchisee List by certified mail. No  
5 credits or benefits paid to, or received by, a franchisee shall offset any refund payment. This  
6 provision shall apply to all California franchisees who purchased a CF franchise from 2018 to the  
7 Effective Date of this Consent Order regardless of whether they were terminated on or before the  
8 Effective Date, including any that are eligible but may have been omitted from the Exhibit B,  
9 according to proof. Within sixty (60) days after the Effective Date, CF shall submit to the  
10 Commissioner satisfactory documentation evidencing each franchisee’s response to the  
11 Cancellation Offer via email to Marisa I. Urteaga-Watkins, Esq. at marisa.urteaga-  
12 watkins@dfpi.ca.gov. CF is responsible for ensuring that any refund payment owed to any  
13 franchisee that has not been cashed within one hundred eighty (180) days of the Effective Date of  
14 this Consent Order shall escheat to the State of California in accordance with the Unclaimed  
15 Property Law.

16 5. Remedial Education. CF agrees that the following class of persons are required to  
17 and will attend remedial education in each of their respective businesses: (1) All persons with  
18 direct management responsibility relating to the sale of franchises; (2) All persons who assist in  
19 preparing franchise materials (excluding outside lawyers and accountants); and (3) The person who  
20 certifies the accuracy of any CF franchise disclosure document. Each of these persons shall  
21 complete at least six (6) hours of continuing education offered by a Commissioner approved  
22 franchise attorney within one (1) year of the Effective Date of this Consent Order. CF shall file  
23 proof of compliance, a certificate of completion with a sworn affidavit that each required party  
24 completed the remedial education from the approved training provider to the Commissioner upon  
25 completion of the required remedial education. Proof of compliance shall be sent to the Department  
26 of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins, Counsel, 2101 Arena  
27 Blvd., Sacramento, California 95834 and at marisa.urteaga-watkins@dfpi.ca.gov.  
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1           6.       Independent Monitor: CF agrees that, within six (6) months from the Effective Date  
2 of this Consent Order, CF will contract with an independent monitor who has no familial, financial,  
3 or professional affiliation with CF and who is a licensed California attorney with specialty  
4 experience in franchise law, to consult with CF on its compliance with the FIL for the next three (3)  
5 years. The monitor shall be approved by the Department and must submit annual reports regarding  
6 CF's offer and sales actions to the Department. Proof of compliance shall be sent to the Department  
7 of Financial Protection and Innovation, Attn. Marisa I. Urteaga-Watkins, Counsel, 2101 Arena  
8 Blvd., Sacramento, California 95834 and at marisa.urteaga-watkins@dfpi.ca.gov.

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

17           8.       Failure to Comply with Consent Order or Cure Breach. CF agrees that if it fails to  
18 comply with the Desist and Refrain Order in this Consent Order, or fails to timely cure any breach  
19 to 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). CF stipulates to the finality of any such FIL registration suspensions, revocations, or  
22 denials that the Commissioner may order. CF waives any notice and hearing rights to contest such  
23 summary suspensions, revocations, or denials which may be afforded under the FIL, the California  
24 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law  
25 in connection therewith.

26           9.       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 CF, if  
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1 the Commissioner discovers that CF knowingly or willfully withheld or misrepresented information  
2 used for and relied upon in this Consent Order.

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

9 11. 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 CF, or any other person  
12 based upon any of the activities alleged in this matter or otherwise.

13 12. 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 13. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
17 interest.

18 14. 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 15. 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 16. 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 17. 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  
13 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
14 inconvenient forum to the maintenance of such action or proceeding in such court.

15 18. 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 19. Effect Upon Future Proceedings. If CF applies for any license, registration, permit,  
19 or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any  
20 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 20. Voluntary Agreement. CF enters into this Consent Order voluntarily and without  
23 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  
25 represent and acknowledge that he, she, or it is executing this Consent Order completely voluntarily  
26 and without any duress or undue influence of any kind from any source.

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



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To CF: Ryan Hui  
CodeFu, LLC.  
1557 Jackson Street, Suite 112,  
Oakland, California, 94612  
ryan.hui@codefu.co

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

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

23. Public Record. CF hereby acknowledges that this Consent Order is and will be a matter of public record.

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 CF’s agent, Ryan Hui at ryan.hui@codefu.co.

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: 12/19/2023

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection  
and Innovation

By: \_\_\_\_\_  
COLLEEN MONAHAN  
Deputy Commissioner

Dated: 12/11/2023

CODEFU, LLC. also known as CODEFU

By: \_\_\_\_\_  
RYAN HUI  
President and Member

**EXHIBIT A**  
**TO CONSENT ORDER**

**-FRANCHISEE LIST-**

## CODEFU, LLC. Franchisee List

1. Mr. [REDACTED]

**EXHIBIT B**  
**TO CONSENT ORDER**

**- CANCELLATION FORM -**

**Sample Offer of Cancellation and Refund To Be Used By The Franchisor**

RE: Offer of Cancellation of the Franchise Agreement and Refund of the Initial Franchise Fees for CODEFU, LLC. – Cancellation Notice

Dear Mr. [REDACTED],

In order to offer and sell franchises in California, we are required to register with the Department of Financial Protection and Innovation (DFPI).

On December \_\_\_\_\_ 2023, the Department entered into a Consent Order with us, in which we agreed to offer anyone who paid a deposit and/or initial franchise fee to CODEFU, LLC. when we were not registered the opportunity to cancel a CODEFU, LLC. franchise agreement and obtain a full refund. (Please see the attached the Consent Order).

If you paid a deposit and/or initial franchise fee, and you would like to cancel your CODEFU, LLC. franchise agreement and obtain a refund, we will refund you the total initial franchise fees and any deposits that you paid to us within ten (10) calendar days from the date we receive your refund request. This means that your franchise agreement will be cancelled, and you will have no further obligations or rights to operate your franchise under the CODEFU, LLC. franchise brand and system.

If this notice is applicable to you, please let us know within thirty (30) calendar days from receipt of this Cancellation Notice whether you want to cancel your franchise agreement and obtain a refund. You may respond via email, or by signing below and mailing the form to us. If you have any questions about what this means, please do not hesitate to let us know by calling us at [REDACTED] or via e-mail at [REDACTED].

Sincerely,

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CODEFU, LLC.

Ryan Hui, President

360 Quaking Aspen Lane, Unit C, Stateline, Nevada, 89449

1557 Jackson Street, Suite 112, Oakland, California, 94612

Email