

1 CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation
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Deputy Commissioner
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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 I4 FRANCHISE DEVELOPMENT INC., also)
16 known as I4 SEARCH GROUP,)
)
17 Respondent.)
18)

19 This Consent Order is entered into between the Commissioner of Financial Protection and
20 Innovation (Commissioner) and i4 Franchise Development Inc., also known as i4 Search Group (i4
21 Franchise) and together with Commissioner, (Parties) and is made with respect to the following
22 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.),¹ and registering the offer and sale of franchises
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¹ 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 that includes a Franchise
2 Disclosure Document (FDD) with the Department for review, in accordance with sections 31111 and
3 31114. The FIL requires franchisors to disclose certain material information that is intended to
4 provide prospective franchisees with facts upon which to make an informed decision to purchase a
5 franchise, as stated in section 31001.

6 B. At all relevant times, i4 Franchise was and is an Arizona corporation with a principal
7 place of business located at 5420 South Miller Place, Chandler, Arizona 85286. At all relevant
8 times, i4 Franchise offers healthcare employment placement recruitment franchises to California
9 investors. In 2022, i4 Franchise filed three Notices for Negotiated Sale pursuant to Rule 310.100.2²
10 with the Department, as follows: (1) Notice-264144 on March 19, 2022 for a sale to Gold Recruiting
11 Inc. on February 2, 2022; (2) Notice-264145 on March 19, 2022 for a sale to R5 Enterprises LLC on
12 February 23, 2022; and (3) Notice-264146 on March 19, 2022 for a sale to GetHired Inc. on
13 February 17, 2022 (collectively, Notices). The i4 Franchise last filed a franchise registration
14 application on April 7, 2022 (App-23793), which contained copies of the Notices.

15 C. Rule 310.100.2(a)(3) requires that before selling another franchise, franchisor amends
16 its registered offer to disclose that franchisor has negotiated some terms of the offering in the FDD
17 by inserting the specific language indicated in the Rule and include as an exhibit to the FDD any
18 previously filed Notices.

19 1. Although the sales occurred on February 2, 2022, February 17, 2022, and
20 February 23, 2022, no amendments were filed after the sales on February 2 and February 17. i4
21 Franchise did not file its renewal application App-23793 until April 7, 2022. In App-23793, i4
22 Franchise did include copies of the Notices filed up to that date but did not include the required
23 disclosure language, in violation of Rule 310.100.2(a)(3).

24 D. Rule 310.100.2(a)(4) states that the offer or sale of a franchise on terms different from
25 the terms of the offer registered under sections 31111, 31121 or 31123 of the FIL is exempt from the
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28 ² All further regulatory and “Rule” references are to Title 10, California Code of Regulations, unless
otherwise indicated

1 requirements of section 31110 if the Notice of Negotiated Sale of Franchise form is filed with the
2 Commissioner within fifteen (15) business days after the negotiated sale is complete.

3 1. I4 Franchise filed the Notices more than 15 days after the date of sale of the
4 negotiated franchise, in violation of Rule 310.100.2(a)(4).

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

7 1. The Department reviewed i4 Franchise’s Notices and found that i4 Franchise
8 has failed to comply with Rule 310.100.2 in at least two ways as referenced above, resulting in
9 several violations of Rule 310.100.2. Because the Notices were not perfected with the Department,
10 the three sales transactions violated section 31110 as being unregistered offerings.

11 F. The Commissioner finds that i4 Franchising did not comply with the requirements set
12 forth in Rule 310.100.2. Therefore, the Commissioner finds that i4 Franchise offered and sold at
13 least three (3) franchises in California without being registered with the Commissioner or exempted
14 in violation of section 31110.

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

17 **II.**

18 **TERMS AND CONDITIONS**

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

23 2. Desist and Refrain Order. Pursuant to section 31406, i4 Franchise Development
24 Inc., also known as i4 Search Group, is hereby ordered to desist and refrain from the violations of
25 Corporations Code section 31110 set forth herein, and from any violations of the FIL. The issuance
26 of this order is necessary, in the public interest, for the protection of investors, and is consistent
27 with the purposes, policies, and provisions of the FIL.
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1 3. Penalties. i4 Franchise Development Inc., also known as i4 Search Group, shall pay
2 an administrative penalty of seven thousand five hundred dollars (\$7,500) (Penalties), no later than
3 fifteen (15) days after the Effective Date of this Consent Order as defined in paragraph 21 (Effective
4 Date). The Penalties must be made payable in the form of a cashier’s check or Automated Clearing
5 House deposit to the Department and transmitted to the attention of Accounting-Legal at the
6 Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California
7 95834. Notice of the payment must be concurrently sent via email to marisa.urteaga-
8 watkins@dfpi.ca.gov. Failure to pay Penalties in a timely manner shall be deemed to be a material
9 breach of this Consent Order.

10 4. Waiver of Hearing Rights. i4 Franchise acknowledges that the Commissioner is
11 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
12 charges contained in this Consent Order. i4 Franchise hereby waives the right to any hearings, and
13 to any reconsideration, appeal, or other right to review which may be afforded pursuant to the FIL,
14 the California Administrative Procedure Act (APA), the Code of Civil Procedure (CCP), or any
15 other provision of law. i4 Franchise further expressly waives any requirement for the filing of any
16 accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,
17 i4 Franchise effectively consents to this Consent Order and all of its terms becoming final.

18 5. Failure to Comply with Consent Order or Cure Breach. i4 Franchise agrees that if it
19 fails to comply with the Desist and Refrain Order in this Consent Order, or fails to timely cure any
20 breach to the satisfaction of the Commissioner, the Commissioner may, in addition to all other
21 available remedies it may invoke under the FIL, summarily suspend, revoke, or deny its FIL
22 registration (if applicable). i4 Franchise stipulates to the finality of any such FIL registration
23 suspensions, revocations, or denials that the Commissioner may order. i4 Franchise waives any
24 notice and hearing rights to contest such summary suspensions, revocations, or denials which may
25 be afforded under the FIL, the APA, the CCP, or any other provision of law in connection therewith.

26 6. 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 i4
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1 Franchise, if the Commissioner discovers that i4 Franchise knowingly or willfully withheld or
2 misrepresented information used for and relied upon in this Consent Order.

3 7. Future Actions by Commissioner. If i4 Franchise fails to comply with any terms of
4 the 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 i4 Franchise, 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 8. 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 i4 Franchise, or any other
12 entity or person based upon any of the activities alleged in this matter or otherwise.

13 9. 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 10. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
17 interest.

18 11. 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 12. 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 13. 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 14. 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 15. 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 16. Effect Upon Future Proceedings. If i4 Franchise 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 17. Voluntary Agreement. i4 Franchise 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
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 18. Notice. Any notice required under this Consent Order shall be provided to each
28 party at the following addresses:

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To i4 Franchise: Charles Internicola, Esq.
The Internicola Law Firm, PC
115 Maple Avenue
Red Bank, New Jersey 07701
fdd@businessandfranchiselaw.com

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

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

20. Public Record. i4 Franchise hereby acknowledges that this Consent Order is and will be a matter of public record.

21. 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 i4 Franchise’s agent, Charles Internicola, Esq., at fdd@businessandfranchiselaw.com.

22. 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: 6/21/2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection
and Innovation

By: _____
COLLEEN MONAHAN
Deputy Commissioner

Dated: 6/17/2024

i4 FRANCHISE DEVELOPMENT INC., also known
as i4 SEARCH GROUP

By: _____
SCOTT BUTTS
President