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7

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10	In the Matter of THE CALIFORNIA)	FILE NO. 993-6203
	CORPORATIONS COMMISSIONER,)	
11)	CITATION INCLUDING:
12	Complainant,)	
)	(1) DESIST AND REFRAIN ORDER
13	vs.)	PURSUANT TO CORPORATIONS
)	CODE SECTION 31406
14	PHO CITI FRANCHISING COMPANY, a)	(2) ASSESSMENT OF
15	California Corporation, MYONG BOK LEE aka))	ADMINISTRATIVE PENALTIES
16	JASON LEE, and KYUNG PARK aka)	PURSUANT TO CORPORATIONS
	SANDRA PARK,)	CODE SECTION 31406
17	Respondents.)	(3) CLAIM FOR ANCILLARY RELIEF
)	AND COSTS PURSUANT TO
18)	CORPORATIONS CODE SECTION
)	31408
19)	
20)	

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22 Jan Lynn Owen, the California Corporations Commissioner (“Commissioner”) of the
23 Department of Corporations (“Department”), finds the following:

24 **I. STATEMENT OF FACTS**

- 25 1. Pho Citi Franchising Company, a California Corporation (“Pho Citi”) is in the business of
- 26 offering and selling franchises for a Vietnamese-style restaurant.
- 27 2. Myong Bok Lee (“Lee”) aka Jason Lee was the President and Director of Pho Citi, and
- 28 Kyung Park (“Park”) aka Sandra Park was the Secretary and Director of Pho Citi, and both

1 individuals were sole directors and officers of Pho Citi, managing and directing its operations, for
2 purposes of the facts stated herein.

3 3. Lee and Park are also the sole officers and directors of JOA Food, Incorporated, an entity
4 used by Lee and Park to operate Pho Citi restaurant locations.

5 4. The Commissioner is responsible for administering and enforcing the California Franchise
6 Investment Law, and registering the offer and sale of franchises in California, pursuant to Division 5
7 (commencing with Section 31000) of Title 4 of the Corporations Code.

8 5. To register a franchise, a franchisor must file a Uniform Franchise Disclosure Document
9 (“Disclosure Document”) with the Department for review and approval, in accordance with
10 Corporations Code Sections 31111 and 31114, and Title 10, California Code of Regulations,
11 Sections 310.111 and 310.114.1.

12 6. The franchisor must provide copies of the registered Disclosure Document and all proposed
13 agreements relating to the sale of the franchise to a prospective franchisee at least 14 days prior to
14 executing any binding franchise or other agreement, or prior to receiving any consideration,
15 whichever occurs first, as required by Corporations Code Section 31119.

16 7. The disclosure requirements of the Franchise Investment Law are intended to avoid
17 misrepresentations and to provide prospective franchisees with facts upon which to make an
18 informed decision to purchase a franchise, as stated in Corporations Code Section 31001.

19 **A. PHO CITI’S ACTS AND OMISSIONS INVOLVING THE DEPARTMENT OF**
20 **CORPORATIONS**

21 **VIOLATION OF CORPORATIONS CODE SECTIONS 31200 AND 31123**

22 **(Omission of Information in Registration Application)**

23 8. Corporations Code Section 31200 provides:

24 “It is unlawful for any person willfully to make any untrue statement of a material
25 fact in any application, notice or report filed with the commissioner under this
26 law, or willfully to omit to state in any application, notice or report any material
27 fact which is required to be stated therein, or fail to notify the commissioner of
any material change as required by Section 31123.”

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1 Corporations Code Section 31123 provides:

2 “A franchisor shall promptly notify the commissioner in writing, by an
3 application to amend the registration, of any material change in the information
4 contained in the application as originally submitted, amended or renewed.”

5 ***2010 Registration Application***

6 9. On July 31, 2009, the Department initially approved the Pho Citi application for registration
7 to offer and sell franchises in California. The registration was effective from July 31, 2009 to April
8 20, 2010.

9 10. On April 19, 2010, the Department approved the Pho Citi application to renew its registration
10 for the offer and sale of franchises (hereinafter the “2010 registration application”). This registration
11 was effective from April 19, 2010 to April 20, 2011.

12 11. With the 2010 registration application, Pho Citi filed a copy of its Disclosure Document.
13 Item 3 of the disclosure document requires disclosure of any litigation. In its Disclosure Document,
14 Pho Citi stated, “No litigation is required to be disclosed in this disclosure document.”

15 12. Contrary to its representation of no litigation, Pho Citi was, during the time of registration,
16 the defendant in two civil lawsuits filed against it by franchisees: *Kook Hwan Kim, Monica Lim and*
17 *CMK World Co. v. Pho Citi Franchising Company, JOA Food, Inc., Myong Bok Lee, Sandra Park*
18 *and Does 1 through 10* (Superior Court of Los Angeles County, Case No. BC453729) filed on
19 January 26, 2011 and served on February 5, 2011; and *Myung Hae Kim v. Pho Citi Franchising*
20 *Company, JOA Food, Inc. dba Sunset Boulevard Pho Citi, Myong Bok Lee, Kyung S. Park aka*
21 *Sandra Park, and Does 1 through 20* (Superior Court of Los Angeles County, Case No. BC457143)
22 filed on March 11, 2011 and served on March 23, 2011.

23 13. Pho Citi failed to disclose the two lawsuits to the Department prior to allowing its franchise
24 registration to lapse. Specifically, Pho Citi did not file an amendment to its 2010 registration
25 application to disclose this litigation prior to the end of the registration period of April 20, 2011.

26 14. In addition, Pho Citi did not make any earnings claims in Item 19 of its Disclosure Document
27 contrary to representations made to prospective franchisees. In Item 19, Pho Citi states that “We do
28 not make any representations about a franchisee’s future financial performance... We also do not

1 authorize our employees or representatives to make any such representation either orally or in
2 writing.” Contrary to these representations, Lee and Park promised minimum monthly net incomes
3 to CH, MK, and EK. Yet, Item 19 failed to include any information to substantiate these monthly
4 earnings claims.

5 15. Due to the Pho Citi failure to disclose the two civil lawsuits and earnings claims in its 2010
6 application and through an amendment, the Department did not have requisite information upon
7 which to determine whether further disclosure to prospective franchisees was necessary and
8 appropriate.

9 ***2011 Registration Application***

10 16. On March 18, 2011, Pho Citi filed with the Department an application to renew its
11 registration to offer and sell franchises (hereinafter the “2011 registration application”). This
12 application was abandoned and not approved by the Department.

13 17. With the 2011 registration application, Pho Citi filed a copy of its Disclosure Document.
14 Item 3 of the Disclosure Document requires disclosure of any litigation. In its Disclosure Document,
15 Pho Citi stated, “No litigation is required to be disclosed in this disclosure document.”

16 18. Contrary to its representation of no litigation, Pho Citi was, at that time of filing the 2011
17 registration application, the defendant in two civil lawsuits filed against it by franchisees: *Kook*
18 *Hwan Kim, Monica Lim and CMK World Co. v. Pho Citi Franchising Company, JOA Food, Inc.,*
19 *Myong Bok Lee, Sandra Park and Does 1 through 10* (Superior Court of Los Angeles County, Case
20 No. BC453729) filed on January 26, 2011 and served on February 5, 2011; and *Myung Hae Kim v.*
21 *Pho Citi Franchising Company, JOA Food, Inc. dba Sunset Boulevard Pho Citi, Myong Bok Lee,*
22 *Kyung S. Park aka Sandra Park, and Does 1 through 20* (Superior Court of Los Angeles County,
23 Case No. BC457143) filed on March 11, 2011 and served on March 23, 2011.

24 19. Pho Citi did not disclose these two civil lawsuits in its 2011 registration application.

25 20. Although Pho Citi filed its 2011 registration application on March 18, 2011, Pho Citi waited
26 until August 10, 2011 to file an amendment to disclose these two civil lawsuits and the third civil
27 lawsuit: *Eric Kim v. Pho Citi Franchising Company, JOA Food, Inc. dba West Hollywood Pho Citi,*
28 *Myong Bok lee, Kyung S. Park aka Sandra Park, and Does 1 through 20* (Superior Court of Los

1 Angeles County, Case No. BC459689) filed on April 14, 2011 and served on May 2, 2011.

2 21. In addition, Pho Citi did not make any earnings claims in Item 19 of its Disclosure Document
3 contrary to representations made to prospective franchisees. In Item 19, Pho Citi states that “We do
4 not make any representations about a franchisee’s future financial performance... We also do not
5 authorize our employees or representatives to make any such representation either orally or in
6 writing.” Contrary to these representations, Lee and Park promised a minimum monthly net income
7 to SK. Yet, Item 19 failed to include any information to substantiate this monthly earnings claim.

8 22. Due to the Pho Citi failure to disclose all three civil lawsuits and the earnings claim in its
9 2011 registration application, the Department did not have requisite information upon which to
10 determine whether further disclosure to prospective franchisees was necessary and appropriate.
11 Because Pho Citi waited until August 10, 2011 to notify the Department about the litigation, the
12 Department was unable to prevent offers and sales based on omissions of this information including
13 the unregistered offer and sale to SK on May 25, 2011.

14 23. Based on the foregoing facts in connection with its 2010 and 2011 registration applications,
15 Pho Citi failed to disclose civil lawsuits and earnings claims on multiple occasions that resulted in a
16 willful omission of material fact in these applications, and resulted in a failure to provide prompt
17 notification of material changes in these applications, in violation of Corporations Code Sections
18 31200 and 31123.

19 **B. PHO CITI’S ACTS AND OMISSIONS INVOLVING CH AND MK, EK, AND SK**

20 **VIOLATION OF CORPORATIONS CODE SECTION 31119**

21 **(Failure to Provide Disclosure Document)**

22 24. Corporations Code Section 31119, subdivision (a), provides:

23 “(a) It is unlawful to sell any franchise in this state that is subject to registration
24 under this law without first providing to the prospective franchisee, at least 14
25 days prior to the execution by the prospective franchisee of any binding franchise
26 or other agreement, or at least 14 days prior to the receipt of any consideration,
27 whichever occurs first, a copy of the offering circular, together with a copy of all
28 the proposed agreements relating to the sale of the franchise.”

25 25. The offering circular known as the Disclosure Document and franchise agreements provide
26 prospective franchisees with information necessary to make an informed decision as to whether to

1 invest in the franchise opportunity. The following individuals did not receive that information as
2 required by law.

3 ***CH and MK***

4 26. On or about November 17, 2010, CH met with Lee and Park in an office located at 1441
5 Gardena Avenue #5, Glendale, California (the “Glendale Office”). During this meeting, CH signed
6 a Disclosure Document and a franchise agreement, but he did not insert dates on these two
7 documents.

8 27. Approximately seven days later, on or about November 24, 2010, CH met with Lee and Park
9 at the Glendale Office and signed an agreement dated November 24, 2010, to purchase a Pho Citi
10 franchise location at 4319 Sunset Boulevard, Los Angeles, California 90029. CH provided a check
11 in the amount of \$18,500 to Lee and Park to purchase the franchise. CH provided another check in
12 the amount of \$11,500 on November 25, 2010, to purchase the franchise.

13 28. Lee and Park never provided copies of the Disclosure Document or the franchise agreement
14 to CH to CH’s spouse, MK, before or after November 17, 2010. Nor did Lee and Park provide
15 copies of these documents at least 14 days prior to CH’s execution of the franchise agreement.
16 Consequently, neither CH nor MK had material information upon which to determine whether to
17 purchase the franchise.

18 ***EK***

19 29. On or about November 24, 2010, EK met with Lee and Park in the Glendale Office. During
20 this meeting, EK signed a Disclosure Document and a franchise agreement, but he did not insert
21 dates on these two documents. EK also signed another agreement and a promissory note dated
22 November 24, 2010, to purchase a Pho Citi franchise location at 8928 Santa Monica Boulevard,
23 West Hollywood, California 90069.

24 30. On or about November 26, 2010, EK met with Lee and Park in the Glendale Office at which
25 time EK provided a check in the amount of \$45,000 to Lee and Park to purchase the franchise.
26 Subsequently, on or about December 31, 2010, EK provided another check for \$5,000 to Lee and
27 Park to purchase the franchise.

28 31. Lee and Park never provided copies of the Disclosure Document or the franchise agreement

1 to EK before or after November 24, 2010. Nor did Lee and Park provide copies of these documents
2 at least 14 days prior to executing the franchise agreement. Consequently, EK did not have material
3 information upon which to determine whether to purchase the franchise.

4 **SK**

5 32. On or about May 24, 2011, at Bee Realty Group located at 3600 Wilshire Boulevard #200,
6 Los Angeles, California 90010, SK met with Lee and Park to open an escrow for the purchase of a
7 franchise through United Escrow Co. During this meeting, SK signed an agreement to purchase the
8 Pho Citi franchise location at 346 North 1st Street, Burbank, California 91502.

9 33. On or about May 26, 2011, at United Escrow Co. located at 3600 Wilshire Boulevard #226,
10 Los Angeles, California 90010, SK met with Lee and Park to deposit into escrow a check for
11 \$150,000 to purchase the franchise. On or about May 31, 2011 at United Escrow, SK deposited
12 another check for \$50,000 to purchase the franchise.

13 34. On or about June 1, 2011, SK met with Lee and Park at a Pho Citi restaurant located at 346
14 North 1st Street, Burbank, California 91502. At this meeting, Lee and Park requested that SK sign
15 and backdate execution pages from the Disclosure Document and franchise agreement, and SK Kim
16 did so at their request.

17 35. Lee and Park never provided copies of the Disclosure Document or the franchise agreement
18 to Seung Kim before or after May 24, 2011. Nor did Lee and Park provide copies of these
19 documents at least 14 days prior to executing the franchise agreement. Consequently, SK did not
20 have material information upon which to determine whether to purchase the franchise.

21 36. Based on the foregoing facts, Lee and Park and Pho Citi offered or sold franchises in
22 California without providing offering circulars and franchise agreements, and without providing
23 these documents in the requisite 14-day timeframes, in violation of Corporations Code Section
24 31119, with respect to CH, MK, EK and SK.

25 **VIOLATION OF CORPORATIONS CODE SECTION 31201**

26 **(Misrepresentations of Material Facts)**

27 37. Corporations Code Section 31201 provides:

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“It is unlawful for any person to offer or sell a franchise in this state by means of any written or oral communication not enumerated in Section 31200 which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”

CH and MK

38. Beginning on or about November 15, 2010 and ending or about November 24, 2010, Lee and Park, in relation to the offer and sale of the franchise to CH and MK, made the following material misrepresentations and omissions:

- falsified the execution date on the disclosure document;
- falsified the execution date on the franchise agreement;
- promised training that was not forthcoming;
- promised trained employees that were not provided;
- promised an operations manual with sufficient and important information that was not delivered;
- promised an executed lease agreement that never transpired;
- promised monthly net income of more than ten thousand dollars (\$10,000) which was not achieved;
- promised the cost of food was nineteen percent (19%) of gross sales when, in fact, it was approximately 28%.

EK

39. Beginning on or about November 5, 2010 and ending on or about November 24, 2010, Lee and Park, in relation to the offer and sale of the franchise to EK, made the following material misrepresentations and omissions:

- falsified the execution date on the disclosure document;
- falsified the execution date on the franchise agreement;
- promised training that was not forthcoming;
- promised trained employees that were not provided;
- promised an operations manual that was not delivered;

- 1 - promised an executed lease agreement that never transpired;
- 2 - promised monthly net income of more than ten thousand dollars (\$10,000) which was not
- 3 achieved;
- 4 - promised the cost of food was fifteen to nineteen percent (15% to 19%) of gross sales when,
- 5 in fact, it was approximately twenty-eight percent (28%);
- 6 - promised the restaurant would operate 24 hours per day when it was unable to do so.

7 **SK**

8 40. Beginning on or about May 17, 2011 and ending on or about May 24, 2011, Lee and Park, in
9 relation to the offer and sale of the franchise to SK, made the following material misrepresentations
10 and omissions:

- 11 - arranged a falsified execution date on the disclosure document;
- 12 - arranged a falsified execution date on the franchise agreement;
- 13 - represented there were no ongoing lawsuits when, in fact, there were at least three;
- 14 - promised an executed lease agreement that never transpired;
- 15 - promised monthly net income of twenty thousand dollars (\$20,000) which was not achieved;
- 16 - promised to reimburse for monthly income shortfalls below twenty thousand dollars
- 17 (\$20,000) which was not received;
- 18 - promised the cost of food was eighteen percent (18%) of gross sales when, in fact, it was
- 19 approximately thirty percent (30%);
- 20 - promised that monthly employee wages would be sixteen thousand dollars (\$16,000) when,
- 21 in fact, the wages were approximately twenty-six thousand dollars (\$26,000);
- 22 - promised no interference from Lee and Park which was not the case.

23 Based on the foregoing facts, Lee and Park and Pho Citi offered or sold franchises in
24 California by means of written or oral communications containing untrue statements or omissions of
25 material fact, in violation of Corporations Code Section 31201, with respect to CH, MK, EK and SK.

26 **VIOLATION OF CORPORATIONS CODE SECTION 31110**

27 **(Unregistered Offer or Sale of Franchise)**

28 41. Corporations Code Section 31110 provides:

1 “On and after April 15, 1971, it shall be unlawful for any person to offer or sell
2 any franchise in this state unless the offer of the franchise has been registered
3 under this part or exempted under Chapter 1 (commencing with section 31000) of
this part.”

4 42. On April 19, 2010, the Department approved the Pho Citi 2010 registration application for
5 the offer and sale of franchises, with registration to terminate on April 20, 2011. On March 18,
6 2011, Pho Citi filed with the Department its 2011 registration application to renew its registration to
7 offer and sell franchises. However, this 2011 application was never approved by the Department.
8 Consequently, as of April 20, 2011, Pho Citi was not registered to offer or sell franchises in
9 California.

10 43. On May 24, 2011, Lee and Park offered and sold a Pho Citi franchise to SK. By May 31,
11 2011, SK deposited into escrow the amount of \$200,000 as consideration for the franchise. This
12 offer and sale occurred after the franchise registration had lapsed.

13 44. In addition, as of July 16, 2012, Lee and Park continue to advertise franchise opportunities on
14 the Pho Citi website at www.phociti.com, although there is no current franchise registration in effect
15 for these offers.

16 45. Based on these facts, Lee and Park and Pho Citi offered or sold franchises in California
17 without the offers first being registered, in violation of Corporations Code Section 31110, with
18 respect to SK and the website.

19 **II. DESIST AND REFRAIN ORDER**

20 **(AGAINST ALL RESPONDENTS)**

21 46. Corporations Code Section 31406 provides in relevant part:

22 “(a) If, upon inspection or investigation, based upon a complaint or otherwise, the
23 commissioner has cause to believe that a person is violating any provision of this division or
24 any rule or order promulgated pursuant to this division, the commissioner may issue a
25 citation to that person in writing describing with particularity the basis of the citation. Each
26 citation may contain an order to desist and refrain and an assessment of an administrative
27 penalty not to exceed two thousand five hundred dollars (\$2,500) per violation and shall
28 contain reference to this section, including the provisions of subdivision (c). All penalties
collected under this section shall be deposited in the State Corporation Fund.

(b) The sanctions authorized by this code section shall be separate and apart from, and in
addition to, all other administrative, civil, and criminal remedies.

1 (c) If within 60 days from the receipt of the citation the person cited fails to notify the
2 commissioner that the person intends to request a hearing as described in subdivision (d),
3 the citation shall be deemed final.

4 (d) Any hearing under this section shall be conducted in accordance with Chapter 5
5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government
6 Code.

7 (e) After the exhaustion of the review procedures provided in this section, the commissioner
8 may apply to the appropriate superior court for a judgment in the amount of the
9 administrative penalty and order compelling the cited person to comply with the order of
10 the commissioner. The application shall include a certified copy of the final order of the
11 commissioner and shall constitute a sufficient showing to warrant the issuance of the
12 judgment and order.

13 The Commissioner has cause to believe the following:

14 a. In connection with the 2010 and 2011 registration applications, Lee, Park and Pho Citi
15 failed to disclose civil lawsuits and earnings claims on multiple occasions that resulted in
16 a willful omission of material fact in these applications, and resulted in a failure to
17 provide prompt notification of material changes in these applications, in violation of
18 Corporations Code Sections 31200 and 31123.

19 b. Lee, Park and Pho Citi offered or sold franchises in California without providing offering
20 circulars and franchise agreements, at least 14 days prior to the execution by the
21 prospective franchisee of any binding franchise or other agreement, or at least 14 days
22 prior to the receipt of any consideration, in violation of Corporations Code Section
23 31119, with respect CH, MK, EK and SK.

24 c. Lee, Park and Pho Citi offered or sold franchises in California by means of written or
25 oral communications containing untrue statements or omissions of material fact, in
26 violation of Corporations Code Section 31201, with respect to CH, M K, EK and SK.

27 d. Lee, Park and Pho Citi offered or sold franchises in California without the offers first
28 being registered, in violation of Corporations Code Section 31110, with respect to SK.

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- 1 47. Pursuant to Corporations Code Section 31406:
- 2 a. Lee, Park and Pho Citi are hereby ordered to desist and refrain from filing registration
- 3 applications that result in willful omissions of material fact, and from failing to provide
- 4 prompt notification of material changes in these applications, in accordance with
- 5 Corporations Code Sections 31200 and 31123.
- 6 b. Lee, Park and Pho Citi are hereby ordered to desist and refrain from the further offer or
- 7 sale of any and all franchises in the State of California without first providing prospective
- 8 franchisees with a disclosure document and a franchise agreement in compliance with
- 9 Corporations Code Section 31119.
- 10 c. Lee, Park and Pho Citi are also hereby ordered to desist and refrain from the further offer
- 11 or sale of any and all franchises in the State of California by means of oral or written
- 12 statements containing misrepresentations or omissions of material fact within the
- 13 meaning of Corporations Code Section 31201.
- 14 d. Lee, Park and Pho Citi are hereby ordered to desist and refrain from the further offer or
- 15 sale of any and all franchises in the State of California that are not registered under the
- 16 Franchise Investment Law or are otherwise not exempt from registration in accordance
- 17 with Section 31110.
- 18 48. This order is necessary, in the public interest, for the protection of investors and franchisees
- 19 and consistent with the purposes, policies and provisions of the Franchise Investment Law.

20 **III. ADMINISTRATIVE PENALTIES**

21 **(AGAINST ALL RESPONDENTS)**

- 22 49. Pursuant to Corporations Code Section 31406, Lee, Park and Pho Citi are hereby assessed
- 23 and ordered to pay, jointly and severally, an administrative penalty of eighty-seven thousand five
- 24 hundred dollars (\$87,500) based on the following violations:
- 25 a. Ten thousand dollars (\$10,000) for four (4) violations involving Corporations Code
- 26 Sections 31200 and 31123;
- 27 b. Seven thousand five hundred dollars (\$7,500) for three (3) violations involving
- 28 Corporations Code Section 31119;

- 1 c. Sixty-five thousand dollars (\$65,000) for twenty-six (26) violations involving
- 2 Corporations Code Section 31201; and
- 3 d. Five thousand dollars (\$5,000) for two (2) violations involving Corporations Code
- 4 Section 31110.

5 50. The administrative penalty in the amount of eighty-seven thousand five hundred dollars
6 (\$87,500) shall be made payable to the Department of Corporations and submitted to Timothy L.
7 Le Bas no later than 60 days from the date of the final order in this matter.

8 **IV. ANCILLARY RELIEF**
9 **(AGAINST ALL RESPONDENTS)**

- 10 51. Corporations Code Section 31408 provides in relevant part:
- 11 “(a) If the commissioner determines it is in the public interest, the commissioner may include
12 in any administrative action brought under this division, including a stop order, a claim for
13 ancillary relief, including, but not limited to, a claim for rescission, restitution, or
14 disgorgement or damages on behalf of the person injured by the act or practice constituting
15 the subject matter of the action, and the administrative law judge shall have jurisdiction to
16 award additional relief.
- 17 (b) In an administrative action brought under this part, the commissioner is entitled to
18 recover costs, which in the discretion of the administrative law judge may include any
19 amount representing reasonable attorney’s’ fees and investigative expenses for the services
20 rendered,…”

21 52. Pursuant to Corporations Code Section 31408, any and all franchise agreements with Lee,
22 Park or Pho Citi are hereby rescinded as to CH, MK, EK and SK. Furthermore, pursuant to Section
23 31408, Lee, Park and Pho Citi are hereby ordered to pay, jointly and severally, the following
24 amounts as restitution:

- 25 a. Thirty thousand dollars (\$30,000) and the legal rate of interest to CH and MK;
- 26 b. Fifty thousand dollars (\$50,000) and the legal rate of interest to EK; and
- 27 c. Two hundred thousand dollars (\$200,000) and the legal rate of interest to SK.

28 53. These amounts shall be made payable to the respective individuals and submitted to them no
later than 60 days from the date of the final order in this matter.

54. This ancillary relief is necessary, in the public interest, for the protection of investors and

1 franchisees and consistent with the purposes, policies and provisions of the Franchise Investment
2 Law.

3 **V. ATTORNEY’S FEES**

4 **(AGAINST ALL RESPONDENTS)**

5 55. Pursuant to Corporations Code Section 31408, Lee, Park and Pho Citi shall pay attorney’s
6 fees to the Department of Corporations in an amount of \$10,000, or according to proof. The amount
7 awarded for attorney’s fees shall be made payable to the Department of Corporations and submitted
8 to Timothy L. Le Bas no later than 60 days from the date of a final order in this matter.

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10 Dated: July 30, 2012
11 Sacramento, CA

JAN LYNN OWEN
California Corporations Commissioner

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13 By _____
14 ALAN S. WEINGER
15 Deputy Commissioner
16 Enforcement Division
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