

1 ALAN S. WEINGER  
2 Deputy Commissioner  
3 JOHN R. DREWS (CA BAR NO. 69595)  
4 Corporations Counsel  
5 Department of Corporations  
6 One Sansome Street, Suite 600  
7 San Francisco, California 94104  
8 Telephone: (415) 972-8570

9 Attorneys for Complainant

10 BEFORE THE DEPARTMENT OF CORPORATIONS  
11 OF THE STATE OF CALIFORNIA

12	In the Matter of	)	Case No. (Not yet assigned)
13		)	
14	THE CALIFORNIA CORPORATIONS	)	
15	COMMISSIONER	)	<b>STIPULATION AND</b>
16		)	<b>SETTLEMENT AGREEMENT</b>
17	Complainant,	)	
18		)	
19	v.	)	
20		)	
21	INTERNATIONAL TRAINING AND	)	
22	EXCHANGE INC.,	)	
23		)	
24	Respondent.	)	
25		)	
26		)	
27		)	
28		)	

29 In resolution of an inquiry into the offer and sale of unregistered franchises within the State of  
30 California, IT IS HEREBY STIPULATED AND AGREED between International Training Exchange  
31 Inc., (“ITE Inc.”) a California corporation located at 600 California Street, 10th Floor, San Francisco,  
32 CA 94108 and the Commissioner of Corporations of the State of California (“Commissioner”) as  
33 follows:

1           1. The Commissioner alleges that ITE Inc. offered unregistered and non-exempt franchises in  
2 violation of the California Franchise Investment Law (“CFIL”), Corporations Code section 31000 et  
3 seq., and specifically Corporations Code section 31110, which states in relevant part: “...it shall be  
4 unlawful for any person to offer or sell any franchise in this state unless the offer of the franchise has  
5 been registered under this part or exempted under Chapter 1...”. It is the intent and understanding  
6 between the Parties that this Stipulation and any inferences that may be drawn there from shall not be  
7 binding or admissible against ITE Inc. in any pending or future actions brought against ITE Inc. by  
8 third Parties.

9           2. The Parties hereby acknowledge and agree that this Stipulation is intended to constitute a  
10 full, final and complete resolution of the above offerings of unregistered and non-exempt franchises.  
11 The Parties acknowledge and agree that nothing contained in this Stipulation shall operate to limit the  
12 Commissioner’s ability to assist any other agency, (county, state, or federal) with any prosecution,  
13 administrative, civil or criminal, brought by any such agency against ITE Inc. based upon any of the  
14 activities alleged in these matters or otherwise.

15           3. On March 2, 2010, the Commissioner issued an Order pursuant to California Corporations  
16 Code section 31406 directing ITE Inc. to desist and refrain from the offer and sale of unregistered,  
17 non-exempt franchises in the State of California and the parties entered into a Stipulation and  
18 Settlement on the same date. A true and correct copy of the Order is attached hereto as Exhibit A.

19           4. ITE Inc. seeks to resolve the concerns of the Commissioner that have arisen by the  
20 violations of the previous Desist and Refrain Order as acknowledged by ITE Inc.

21           5. ITE Inc. agrees, from the date of execution of this Stipulation, pursuant to California  
22 Corporations Code section 31110, not to offer and/or sell franchises in the State of California without  
23 registration, unless such franchise is exempt or not subject to registration under Chapter 2,  
24 (commencing with section 31100 of the California Corporations Code).

25           6. ITE Inc. acknowledges that there are 15 franchise locations using the trademark and trade  
26 name “Lango Kids” located throughout California, which franchises were offered and sold in this  
27 state after ITE Inc. was served with the above-noted Desist and Refrain Order and after ITE Inc.  
28 executed an earlier Stipulation and Settlement Agreement with the Commissioner.

1           7. ITE Inc. agrees, as of the effective date of this Stipulation that the addition of new  
2 locations in this state by ITE Inc. and “Lango Kids” shall only be implemented in full compliance  
3 with the CFIL (California Corporations Code sections 31000 et seq.). ITE Inc. further agrees to:

4           a) Offer rescission to all California franchisees who were offered and signed un-registered  
5 franchises in a form approved by the Department of Corporations.

6           b) Disclose and describe the unregistered “Licenses” and its business format in Item 1 of the  
7 Franchise Disclosure Document (FDD).

8           c) Disclose this Stipulation in Item 3 of the Franchise Disclosure Document (FDD) in  
9 addition to the Settlement and Stipulation dated March 2, 2010.

10          8. Subject to ITE Inc. complying with the terms of this Stipulation and the previously issued  
11 Desist and Refrain Order, ITE Inc. may offer and sell franchises in the State of California, in  
12 compliance with the California Franchise Investment Law.

13          9. ITE Inc. specifically waives its right to a hearing as set out in Corporations Code section  
14 31406 (c) and (d). ITE Inc. further waives their right to any reconsideration, appeal, or other rights  
15 which may be afforded pursuant to the Corporations Code, the California Administrative Procedure  
16 Act, the California Code of Civil Procedure or any other provision of law in connection with this  
17 matter.

18          10. Pursuant to Corporations Code section 31406, ITE Inc. agrees to pay the Department of  
19 Corporations administrative penalties in the amount of \$6000, due at the time of execution of this  
20 Stipulation. This is a \$400 penalty for each unregistered franchise agreement offered in this state in  
21 violation of the Desist and Refrain Order and the first Stipulation and Settlement Agreement.

22          11. The Parties hereto further stipulate that if evidence of the continuing offer or sale of  
23 unregistered, non-exempt franchises by ITE Inc. is discovered after the execution of this Stipulation,  
24 the Commissioner may seek additional remedies against ITE Inc. These remedies may include, but  
25 are not limited to, civil injunctive and ancillary relief and/or criminal prosecution as set out in the  
26 relevant parts of the CFIL, California Corporations Code sections 31000 et seq.

27          12. Each of the parties represents, warrants, and agrees that it has received independent legal  
28 advice from its attorney(s) with respect to the advisability of executing this Stipulation.

1           13. Each of the Parties represents, warrants, and agrees that in executing this Stipulation it  
2 has relied solely on the statements set forth herein and the advice of its own counsel. Each of the  
3 Parties further represents, warrants, and agrees that in executing this Stipulation it has placed no  
4 reliance on any statement, representation, or promise of any other party, or any other person or entity  
5 to make any statement, representation, or disclosure of anything whatsoever. The Parties have  
6 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to  
7 execute this Stipulation; and (2) to preclude the introduction of parol evidence to vary, interpret,  
8 supplement, or contradict the terms of this Stipulation.

9           14. This Stipulation is the final written expression and the complete and exclusive statement  
10 of all the agreements, conditions, promises, representations, and covenants between the Parties with  
11 respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements,  
12 negotiations, representations, understandings, and discussions between and among the Parties, their  
13 respective representatives, and any other person or entity, with respect to the subject matter covered  
14 herein.

15           15. In that the Parties have had the opportunity to draft, review, and edit the language of this  
16 Stipulation, no presumption for or against any Party arising out of drafting all or any part of this  
17 Stipulation will be applied in any action relating, connected to, or involving this Stipulation.  
18 Accordingly, the Parties waive the benefit of California Civil Code section 1654 and any successor or  
19 amended statute, providing that in cases of uncertainty, language of a contract should be interpreted  
20 most strongly against the Party who caused the uncertainty to exist.

21           16. This Stipulation may be executed in one or more counterparts, each of which shall be an  
22 original but all of which, together, shall be deemed to constitute a single document.

23           17. Each signatory hereto covenants that he/she possesses all necessary capacity and  
24 authority to sign and enter into this Stipulation.

25 ///

26 ///

27 ///

28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: February 15, 2012

JAN LYNN OWEN  
California Corporations Commissioner

By: \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division

Dated: February 7, 2012

INTERNATIONAL TRAINING AND EXCHANGE  
INC. (ITE Inc.)

By: \_\_\_\_\_  
HEATHER AINSWORTH  
Vice President

Dated: February 9, 2012

APPROVED AS TO FORM:

By: \_\_\_\_\_  
DANIEL B. WARSHAWSKY  
Counsel for International Training and  
Exchange Inc. (ITE Inc.)