

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 MIRANDA L. MAISON (CA BAR NO. 210082)
4 Senior Corporations Counsel
Department of Corporations
5 1515 K Street, Ste. 200
6 Sacramento, California 95814
Telephone: (916) 322-8730
7 Facsimile: (916) 445-6985
8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12	In the Matter of THE CALIFORNIA	)	Case No.: 993-5595, 993-5596
	CORPORATIONS COMMISSIONER,)	
13		)	1) STATEMENT IN SUPPORT OF STOP
	Complainant,	)	ORDER REVOKING EFFECTIVENESS
14		)	OF UNIT FRANCHISE REGISTRATION
	vs.	)	AND ORDER REVOKING
15		)	EFFECTIVENESS OF UNIT FRANCHISE
16	PLAY N TRADE FRANCHISE, INC.,	)	REGISTRATION
)	
17	Respondent.	)	2) STATEMENT IN SUPPORT OF STOP
18		)	ORDER DENYING EFFECTIVENESS OF
19		)	AREA DEVELOPER FRANCHISE
20		)	REGISTRATION APPLICATION AND
21		)	ORDER DENYING EFFECTIVENESS OF
		)	AREA DEVELOPER FRANCHISE
22)	REGISTRATION APPLICATION
)	
23)	3) CITATIONS
24)	
)	4) DESIST AND REFRAIN ORDER
25)	
)	5) ANCILLARY RELIEF
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I.

INTRODUCTION

The California Corporations Commissioner (hereafter referred to as “Complainant” or “Commissioner”) is informed and believes, and based upon such information and belief, finds that Play N Trade Franchise, Inc. (hereafter referred to as “Respondent” or “Play N Trade”) has violated multiple provisions of the California Franchise Investment Law (“Franchise Investment Law”).

II.

FACTS

At all relevant times, Play N Trade was an Nevada corporation engaged in business activities relating to the franchising of Play N Trade retail outlets offering new and used electronic video games and consoles for consumer purchase. Play N Trade’s principal business address is 3400 Irvine Avenue, Suite 205, Newport Beach, CA 92660. Play N Trade’s parent company is San Clemente Capital (“San Clemente”), an Arizona limited liability company also doing business at the same address.

Play N Trade offers and sells both unit franchises and area developer franchises in California as well as other states. Unit franchisees are sold the right to operate Play N Trade retail stores and/or outlets. Area developer franchisees purchase the right to develop Play N Trade retail stores in a specific franchise territory.

On May 25, 2006, Play N Trade filed its initial Uniform Franchise Registration Applications with the California Department of Corporations (“Department”) seeking to register its franchise enterprise in this state in compliance with California Corporations Code section 31111 (all section references hereafter are to the California Corporations Code).

The franchise registration applications that Play N Trade submitted for the unit and area developer franchises were each accompanied by a Uniform Franchise Offering Circular (“UFOC”)¹ containing the material information set forth in the application, as required by section 31114.

¹ The UFOC was replaced by the Uniform Franchise Disclosure Document (“UFDD”) which was adopted by the North American Securities Administrators Association, Inc. on June 22, 2007 and became effective July 1, 2007.

1 Item 2 of the initial UFOC that Play N Trade filed in May 2006 listed its principal corporate
2 officers as: Play N Trade founder and Director Ron Simpson (“Simpson”); Co-Chief Executive
3 Officer and Director Yuvi Shmul (“Shmul”); Chief Marketing Officer and Director James F. Kindred,
4 Jr. (“Kindred”); Chief Operating Officer Jared Turner (“Turner”); Secretary Philip Stooksbury
5 (“Stooksbury”); and, Co-Chief Executive Officer Roger Lloyd (“Lloyd”).

6 Item 2 of the 2006 UFOC further disclosed that Shmul, Kindred, Turner, and Stooksbury also
7 occupied executive positions at Yakety Yak Holdings, Inc. (“Yakety Yak”).² Yakety Yak offers
8 franchises to own and operate telecommunications service provider retail outlets under the trade
9 name “Yakety Yak Wireless” in multiple states. In September 2005, Yakety Yak first registered to
10 offer and sell both area developer and unit franchises in California.

11 From June 2005 through January 2006, Shmul was the President and Director of Yakety Yak.
12 In April 2006, Thomas C. Bozarth (“Bozarth”) became President of Yakety Yak, although Shmul
13 remained on the Board as the Director. Yakety Yak operates its principal place of business at 3400
14 Irvine Avenue, Suite 118, Newport Beach, CA 92660.

15 At all relevant times, both the Yakety Yak and Play N Trade franchises were managed from
16 the same location by T-Street Management, Inc. (“T-Street Management”).³ However, Yakety Yak
17 was not identified as an “affiliate” of Play N Trade or otherwise mentioned in Item 1 of the 2006
18 UFOC. Play N Trade did not disclose its affiliation with Yakety Yak until it filed the 2008 franchise
19 renewal application.

20 On June 9, 2006, the Department approved Play N Trade’s franchise registration applications
21 and issued orders permitting it to offer and sell Play N Trade unit and area developer franchise
22 opportunities in California. Franchise renewal applications were approved for both the Play N Trade
23 unit and area developer franchises in 2007.

26 ² Yakety Yak Holdings, Inc. was registered with the California Secretary of State on October 29, 2001. Yakety Yak
27 Wireless, Inc. registered on September 28, 2005. Thomas C. Bozarth is presently listed as the agent for service of process
28 for both corporations.

³ T-Street Management, Inc. was registered with the California Secretary of State on May 9, 2006. Thomas C. Bozarth is
presently listed as the agent for service of process.

1 On February 28, 2008, Play N Trade again filed applications to renew both the unit and area
2 developer franchises. An order was issued effective April 17, 2008, renewing the Play N Trade unit
3 franchise registration only. On March 6, 2008, however, the Department received a letter from Play
4 N Trade's counsel informing that Play N Trade had decided to cease offering area developer
5 franchises in California and wished to withdraw its renewal application.

6 On June 27, 2008, Play N Trade refiled its application to renew the area developer franchise
7 registration. However, at the request of Play N Trade, the Commissioner issued an order on July 7,
8 2008, postponing the effectiveness of the area developer franchise registration due to unresolved
9 regulatory compliance issues that were identified during a pending investigation by the Department.

10 III.

11 CALIFORNIA FRANCHISE INVESTMENT LAW VIOLATIONS

12 The Commissioner finds that Play N Trade has committed multiple violations of the
13 California Franchise Investment Law, including, but not limited to, the following:

14 A. UNREGISTERED, NON-EXEMPT OFFERS TO SELL A FRANCHISE IN VIOLATION
15 OF SECTION 31110.

16 Section 31110 prohibits the offer or sale of any franchise in this state unless the offer has been
17 registered with the Department or exempted from registration pursuant to the provisions of the
18 Franchise Investment Law. Section 310.100.2 of Title 10 of the California Code of Regulations
19 (sections of Title 10 of the California Code of Regulations hereafter referred to as "CCR") exempts
20 from registration certain franchise offerings made with terms different than those of the registered
21 offer. In order for a franchise offer to be exempt from registration in California, CCR 310.100.2(a)
22 requires that all of the following conditions be met:

- 23 (1) When the prospective franchisee receives the offering circular, he or she also receives
24 copies of all Notices of Negotiated Sale of Franchise filed with the Commissioner within
25 the last 12 months, if any.
- 26 (2) Before selling another franchise, the franchisor amends its registered offer to disclose:
27 "The terms of Item(s) _____ of this Offering Circular have been negotiated with
28 other franchisees. A copy of all Negotiated Sales Notices filed in California in the last
twelve months is attached as Exhibit _____." This disclosure should be made in the
UFOC Item that was negotiated or in an appendix to the UFOC. This disclosure must be

1 made if the negotiated sale occurred within twelve months of the offering being made. An
2 amendment making only this disclosure is effective when filed.

- 3 (3) The Notice of Negotiated Sale of Franchise in the form set forth in subsection (b) is filed
4 with the Commissioner within 15 business days after the negotiated sale is consummated.
5 (4) The franchisor certifies or declares in an appendix to its application for renewal that all
6 notices have been filed with the Commissioner as required by paragraph (a)(4) (see
7 Section 310.122 of these rules).

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1. UNIT FRANCHISE VIOLATIONS

On August 31, 2006, Play N Trade sold a unit franchise store in Stockton, California for the price of \$17,500. Item 5 of the UFOC in effect at the time of purchase disclosed that the minimum purchase price for one unit store was \$20,000. At no time within 15 business days after consummating the sale of the Stockton franchise did Play N Trade file a Notice of Negotiated Sale with the Commissioner as required by subdivision (3) of CCR 310.100.2(a).

Play N Trade's negotiated offer to sell the Stockton franchise for a reduced fee does not fall within the exemption under CCR 310.100.2, and thus was a non-exempt, unregistered offer. Accordingly, failing to file notice that Play N Trade had negotiated different sales terms with a franchisee within the past 12 months was a direct violation of section 31110.

2. AREA DEVELOPER FRANCHISE VIOLATIONS

On or about June 9, 2006, Play N Trade registered with the Department a UFOC setting the area developer fee at \$100,000 in "readily negotiable funds" due in full upon signing.

On or about June 13, 2006, Shmul contacted several Yakety Yak area developer franchisees. Shmul offered the Yakety Yak area developers the opportunity to purchase a Play N Trade area developer franchise for the discounted fee of \$75,000 provided they contact him no later than June 20, 2006.

On or about August 16, 2006, Shmul sent an email message to an individual Yakety Yak franchisee stating, "PNT [Play N Trade] is willing to offer you a special deal due to your relationship with our sister company, Yakety Yak." The "special deal" was an opportunity to buy a Play N Trade area developer franchise for a fee of \$50,000 to be financed 100% with no interest and paid in full by December 20, 2006. Shmul further emphasized, "This agreement is 100% confidential."

1 Later that same day, Shmul sent an email to several Yakety Yak franchisees offering the
2 opportunity to buy a Play N Trade area developer franchise. Shmul advised that if an agreement
3 were to be executed by September 31, 2006, then Play N Trade would accept a reduced franchise fee
4 of \$50,000 cash paid upon execution, or \$75,000 total with \$10,000 cash paid upon execution with
5 the balance due before December 20, 2006. In this later August 16th email communication, Shmul
6 wrote:

7 [A]ll the emails (and the offers you received in writing) that each one of you received
8 individually before this email are still in effect, and the individual offers are good until
9 August 31, 2006. . . and you know *the disclaimer story*: the actual offer is only with delivery
of UFOC for the specific state of interest. So call me to discuss territories. (Emphasis added.)

10 A franchisee who had received Shmul's later offer would reasonably consider the discounted
11 franchise fee and more favorable financing terms offered to other franchisees only hours earlier to be
12 information material to negotiating a franchise agreement with Play N Trade. Any prospective
13 franchisee would have also considered this information material.

14 On or about December 18, 2006, Bozarth, who had since succeeded Shmul as president of
15 Play N Trade, sent an email to franchisees who had executed a Play N Trade franchise agreement
16 pursuant to the terms previously offered by Shmul. In his email, Bozarth wrote:

17 . . . For those of you who are bound by the 20th deadline and would like to continue a business
18 relationship with PNT, please meet the 20th of December payment deadline as stipulated in
19 your agreement or the agreement will become null and void. . . PNT may offer some other
20 deals to some of you after 1/1/07. However, PNT would like to remind you that PNT is not
21 obligated to offer deals, and if any deals are offered, such deals will definitely not be as
attractive as the current one. . . .

22 The Commissioner finds that such conduct by Play N Trade's top-level executives
23 evidences a willful pattern and practice of disregard for the fundamental disclosure requirements of
24 the Franchise Investment Law and constitutes a violation of section 31110.

25 **B. MATERIAL MISSTATEMENTS OR OMISSIONS IN A FRANCHISE**
26 **REGISTRATION APPLICATION FILED WITH THE COMMISSIONER IN VIOLATION**
OF SECTION 31200.

27 Corporations Code section 31200 provides:
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1 It is unlawful for any person willfully to make any untrue statement of a material fact in any
2 application, notice or report filed with the commissioner under this law, or willfully to omit to
3 state in any such application, notice or report any material fact which is required to be stated
therein, or fail to notify the commissioner of any material change as required by Section 31123.

4 Play N Trade violated section 31200 by filing franchise applications with the Commissioner
5 which failed to disclose: (1) the identity of the franchisor's affiliate; (2) non-exempt negotiated sales;
6 (3) the termination of franchisees within the preceding 12-month period; and, (4) litigation alleging
7 material violations of a franchise law.

8 1. FRANCHISOR AFFILIATES

9 Item 1 of the UFOC requires the applicant to disclose the identity of the franchisor, its
10 predecessors, and affiliates. The initial UFOC that Play N Trade filed with the Commissioner in May
11 2006 failed to disclose in Item 1 that Yakety Yak was an affiliate company. At the time, the
12 Department's *Guidelines for Franchise Registration* contained instructions for completing Item 1
13 which provided:

14 Affiliate in Item 1 means a person (other than a natural person) controlled by, controlling, or
15 under common control with the franchisor, which is offering franchises in any line of business
or is providing products or services to the franchisees of the franchisor.

16 The Commissioner finds that Yakety Yak should have been disclosed as an affiliate of Play N
17 Trade in the franchise registration applications filed in 2006 and 2007 because at that time both
18 franchisors were controlled by, or under the common control of, the same principals. At least four of
19 Play N Trade's executive officers – Shmul, Kindred, Turner, and Stooksbury – either previously or
20 concurrently held executive positions with Yakety Yak. Play N Trade and Yakety Yak were both
21 located in the same office building and managed by T-Street Management. Until January 2009, Play
22 N Trade did not have any employees of its own and relied solely upon those of T-Street Management.
23 Play N Trade and Yakety Yak conducted the training of their franchisees at the same facility in
24 Newport Beach, using shared personnel and resources. As early as June 2006, Shmul identified
25 himself in correspondence to franchisees as the "Chief Executive Officer" of both Yakety Yak and
26 Play N Trade, and he negotiated contracts on behalf of both franchisors referring to Yakety Yak as
27 Play N Trade's "sister company."
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1 Play N Trade and Yakety Yak are clearly affiliates that were at all relevant times under the
2 common control of Shmul, Bozarth, and/or T-Street Management. The identity of an affiliate is
3 material information required to be disclosed in the UFOC. By failing to disclose Yakety Yak as an
4 affiliate in Item 1 of the UFOC, Play N Trade willfully made an untrue statement of material fact in
5 the franchise registration application filed with the Commissioner, in violation of section 31200.

6 2. NEGOTIATED SALES

7 An updated version of the UFOC that Play N Trade submitted to the Commissioner on March
8 15, 2007, as part of its franchise renewal application, failed to disclose that negotiated sales had
9 occurred during the previous 12 months, in violation of CCR 310.100.2. In addition to the August
10 2006 sale of the Stockton franchise, Play N Trade had also executed a franchise contract on June 21,
11 2006, which provided financing terms more favorable than those disclosed in the UFOC then in
12 effect. Evidence obtained by the Commissioner, including but not limited to the documents
13 referenced herein, shows that Play N Trade negotiated the terms of multiple franchise contracts
14 without proper disclosure, in violation of section 31200

15 3. TERMINATED FRANCHISEES

16 Play N Trade also failed to identify in the UFOC it filed in 2007 that some area developers
17 were terminated on December 20, 2006 for failure to timely pay the sums set forth in franchise
18 agreements that had been executed earlier that year same year. Exhibit D of the 2007 UFOC filed
19 with the Commissioner falsely represented that no area developers left the Play N Trade system
20 within the 12-month period ended December 31, 2006, in violation of section 31200.

21 On February 28, 2008, Play N Trade falsely stated in the UFOC it filed with the
22 Commissioner that no area developers had been terminated or left the system in the 12-month period
23 ended December 31, 2007. In fact, Play N Trade was well aware that it had terminated at least three
24 California area developer franchisees in 2007.

25 Information about whether existing franchisees have been recently terminated or left the
26 franchise system would be material to a prospective franchisee that is assessing the viability of the
27 franchise model. Moreover, Exhibit D discloses the names and contact information of the terminated
28 franchisees so that a prospective franchisee may communicate directly with a terminated franchisee

1 to investigate the circumstances of the termination. The Commissioner finds that Play N Trade
2 willfully made untrue statements of material fact in both the 2007 and 2008 franchise renewal
3 applications, in violation of section 31200.

4 4. LITIGATION

5 On November 14, 2007, a civil complaint alleging breach of contract was filed in Orange
6 County Superior Court (Case No. 07CC11930) against Play N Trade, Yakety Yak, San Clemente,
7 Shmul, Bozarth, and several other affiliates. The plaintiff alleged he was wrongfully terminated from
8 his position as the former Vice President of Marketing for Play N Trade. In September 2008, the
9 lawsuit was dismissed with prejudice pursuant to a confidential out-of-court settlement agreement
10 between the parties.

11 Item 3 of the UFOC requires disclosure of whether the franchisor or an affiliate offering
12 franchises under the franchisor's principal trademark has a civil action pending against that person
13 that is not merely incidental to business but makes material allegations such as a violation of a
14 franchise, antitrust or securities law, fraud, unfair or deceptive practices, or comparable allegations.
15 Disclosure is required of any legal action that is significant in the context of the number of
16 franchisees and the size, nature or financial condition of the franchise system or its business
17 operations.

18 The civil suit alleged, among other things, that the principals of Play N Trade and Yakety Yak
19 had structured the corporate entities with the intent to insulate themselves from liability and thereby
20 "defraud potential creditors," including franchisees. The complaint further alleged that the two
21 companies were a "house of cards" and that the officers had "committed blatant violations of
22 franchise laws" and tax fraud.

23 In the franchise renewal applications it filed in February 2008, Play N Trade failed to disclose
24 the Orange County lawsuit in Item 3 of the UFOC. Any prospective Play N Trade franchisee
25 certainly would be interested in investigating the merits of the claims that the franchisor was
26 undercapitalized and had "committed blatant violations of franchise laws."

27 Play N Trade violated section 31200 by willfully misstating, or omitting to state, material
28 facts or changes when filing its franchise renewal applications with the Commissioner. Play N Trade

1 knew, or should have known, that representations made in the renewal applications were in fact false
2 and misleading, and the omissions material.

3 C. FAILURE TO NOTIFY THE COMMISSIONER OF MATERIAL CHANGES MADE TO
4 TERMS OF REGISTERED FRANCHISE OFFER IN VIOLATION OF SECTION 31123.

5 Corporations Code section 31123 provides in pertinent part:

6 A franchisor shall promptly notify the commissioner in writing, by an application to amend
7 the registration, of any material change in the information contained in the application as
8 originally submitted, amended or renewed. . . .

9 As established by the foregoing facts, on multiple occasions throughout 2006 and 2007, Play
10 N Trade materially modified the terms of its registered franchise offer without first filing an
11 amendment with the Commissioner as required under section 31125. As such, Play N Trade violated
12 section 31123 by failing to notify the Commissioner in writing of the changes made in the terms of its
13 registered franchise offer because a prospective franchisee would have reasonably considered the
14 new terms material to negotiating a franchise contract.

15 Moreover, Play N Trade's president at the time, Bozarth, executed the declaration to the 2007
16 franchise renewal application averring under penalty of law that the representations asserted in the
17 application were true and correct, in violation of section 31123.

18 D. PATTERN AND PRACTICE OF FAILURE TO COMPLY WITH THE FRANCHISE
19 INVESTMENT LAW.

20 Corporations Code section 31115 provides in pertinent part:

21 The commissioner may summarily issue a stop order denying the effectiveness of or
22 suspending or revoking effectiveness of any registration if the commissioner finds:

- 23 (a) That there has been a failure to comply with any of the provisions of this law or the rules
24 of the commissioner pertaining thereto.
25 (b) That the offer or sale of the franchise would constitute misrepresentation to, or deceit or
26 fraud of the purchasers. . . .

27 In addition to the violations of the Franchise Investment Law committed by Play N Trade,
28 Shmul, and Bozarth, as specified herein, the Commissioner has also found that multiple violations of
the Franchise Investment Law have been committed by Shmul and Bozarth in affiliation with Play N

1 Trade's "sister company" Yakety Yak, including but not limited to violations of sections 31110,
2 31200, and 31123. Accordingly, the Commissioner is of the opinion that the offer or sale of the Play
3 N Trade franchise would constitute misrepresentation to, or deceit or fraud of the purchasers within
4 the meaning of subdivision (b) of section 31115.
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7 IV.

8 STOP ORDER REVOKING EFFECTIVENESS OF UNIT STORE FRANCHISE REGISTRATION

9 Pursuant to Corporations Code section 31115, and based on the foregoing evidence of a
10 willful pattern and practice of conducting business in violation of the California Franchise Investment
11 Law, the registration of the offer and sale of franchises filed by Play N Trade Franchise, Inc. on April
12 17, 2008, and ordered effective through April 20, 2009, is hereby revoked.

13 V.

14 STOP ORDER DENYING EFFECTIVENESS OF AREA DEVELOPER STORE
15 FRANCHISE REGISTRATION APPLICATION

16 Pursuant to Corporations Code section 31115, and based on the foregoing evidence of a
17 willful pattern and practice of conducting business in violation of the California Franchise Investment
18 Law, the franchise registration application of Play N Trade Franchise, Inc., filed on June 27, 2008, is
19 hereby denied.

20 VI.

21 CITATIONS

22 Corporations Code section 31406 states:

23 (a) If, upon inspection or investigation, based upon a complaint or otherwise, the
24 commissioner has cause to believe that a person is violating any provision of this division or
25 any rule or order promulgated pursuant to this division, the commissioner may issue a citation
26 to that person in writing describing with particularity the basis of the citation. Each citation
27 may contain an order to desist and refrain and an assessment of an administrative penalty not
28 to exceed two thousand five hundred dollars (\$2,500.00) per violation and shall contain
reference to this section, including the provisions of subdivision (c). All penalties collected
under this section shall be deposited in the State Corporations Fund.

(b) The sanctions authorized under this section shall be separate from, and in addition to, all

1 other administrative, civil, or criminal remedies.

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

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

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

12 The foregoing facts establish that Play N Trade Franchise, Inc. has committed multiple
13 violations of the California Franchise Investment Law in the course of conducting business with no
14 less than 53 California franchisees since the date of its initial franchise registration in California.

15 Pursuant to section 31406, Play N Trade Franchise, Inc. is hereby ordered to pay the
16 Commissioner 53 citations of \$2,500 each in the total sum of one-hundred thirty-two thousand five-
17 hundred dollars (\$132,500), or according to proof. All citation payments are due and payable by 30
18 days after this order becomes final.

19 VII.

20 DESIST AND REFRAIN ORDER

21 The Commissioner finds that beginning on or about June 1, 2006, Play N Trade Franchise,
22 Inc., Yuvi Shmul, and Thomas C. Bozarth violated multiple provisions of the California Franchise
23 Investment Law, including but not limited to Corporations Code sections 31110, 31200, and 31123,
24 as set forth in greater detail herein. Pursuant to section 31406 of the Corporations Code, Play N
25 Trade Franchise, Inc., Yuvi Shmul, and Thomas C. Bozarth are hereby ordered to desist and refrain
26 from:

27 (a) Making unregistered, non-exempt offers to sell a franchise in violation of section 31110;

28 (b) Making material misstatements or omissions in a franchise registration application filed
with the Commissioner in violation of section 31200; and,

(c) Failing to notify the Commissioner of material changes made to the terms of the registered
franchise offer in violation of section 31123.

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VIII.

ANCILLARY RELIEF

Corporations Code section 31408 provides:

(a) If the commissioner determines it is in the public interest, the commissioner may include in any administrative action brought under this division, including a stop order, a claim for ancillary relief, including, but not limited to, a claim for rescission, restitution or disgorgement or damages on behalf of the persons injured by the act or practice constituting the subject matter of the action, and the administrative law judge shall have jurisdiction to award additional relief. The person affected may be required to attend remedial education, as directed by the commissioner.

RESCISSION ORDER

Due to the California Corporations Commissioner’s finding that Play N Trade Franchise, Inc. has committed multiple violations of the California Franchise Investment Law, all Play N Trade franchisees shall be afforded the right to rescind any contract for the purchase of a California franchise.

RESTITUTION ORDER

Play N Trade Franchise, Inc. is hereby ordered to pay restitution to every California franchisee in the amount of the full or partial franchise fee collected from each franchisee.

IX.

CONCLUSION

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that Play N Trade Franchise, Inc. has failed to comply with multiple provisions of the California Franchise Investment Law within the meaning of sections 31110, 31200, 31123, and 31115(a).

WHEREFORE, the California Corporations Commissioner hereby issues the following orders and seeks such additional relief as follows:

1. An order issued to revoke the effectiveness of the Play N Trade Franchise, Inc. unit franchise registration pursuant to Corporations Code section 31115(a);
2. An order issued to deny the effectiveness of the Play N Trade Franchise, Inc. area developer franchise registration application pursuant to Corporations Code section

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31115(a);

- 3. An order issued to pay citations in the amount of \$132,500 to the State Corporations Fund within 30 days of the date this order becomes final;
- 4. Play N Trade Franchise, Inc., Yuvi Shmul, and Thomas C. Bozarth are hereby ordered to desist and refrain from further violations of the California Franchise Investment Law, including but not limited to violations of Corporations Code sections 31110, 31200, and 31123, as specified above;
- 5. All franchisees of Play N Trade Franchise, Inc. shall have the right to rescind any contract for the purchase of a California franchise;
- 6. It is further ordered that Play N Trade Franchise, Inc. pay restitution in the amount of the franchise fee to each California franchisee to which it sold a franchise.
- 7. For the Complainant’s costs and reasonable attorneys fees, according to proof;
- 8. And, for such other and further relief as the nature of the case may require and the court deems proper.

Based on the foregoing facts establishing multiple violations of the California Franchise Investment Law by Play N Trade Franchise, Inc., Yuvi Shmul, and Thomas C. Bozarth, the issuance of the aforementioned citations and orders, and provision of ancillary relief, is necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the California Franchise Investment Law.

Dated: April 14, 2009
Los Angeles, California

PRESTON DUFAUCHARD
California Corporations Commissioner

By: _____
ALAN S WEINGER
Acting Deputy Commissioner
Enforcement Division