

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, MAY 15, 2017

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2016-00039

YOFRESH YOGURTS FRANCHISING, INC.  
and  
CHRISTOS T. GREGORIS a/k/a CHRIS T. GREGORIS,  
a/k/a CHRISTOPHER GREGORIS,  
Defendants

JUDGMENT ORDER

On August 17, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Division of Securities and Retail Franchising ("Division") against YoFresh Yogurts Franchising, Inc. ("YoFresh"), and Christos T. Gregoris a/k/a Chris T. Gregoris or Christopher Gregoris ("Gregoris") (collectively, "Defendants"). Specifically, the Division alleged that the Defendants each had violated §§ 13.1-560, 13.1-563 (2) and 13.1-563 (4) of the Virginia Retail Franchise Act ("Franchise Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Among other things, the Rule directed the Defendants to file a responsive pleading, scheduled a hearing, and assigned the matter to a hearing examiner ("Hearing Examiner") to conduct further proceedings. Following service of the Rule upon them, the Defendants filed no answer or other responsive pleading to the Rule, or otherwise communicated with the Division.

On February 6, 2017, the Division filed a Motion for Default Judgment ("Motion") together with proof of service of the Rule,<sup>1</sup> and the Affidavit of Carmen I. Clifford, Investigator,

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<sup>1</sup> Motion, Attachments 1 and 2.

("Ms. Clifford") with supporting exhibits.<sup>2</sup> Based on information supplied in its Motion, the Division recommended that the Commission find the Defendants in default.<sup>3</sup> Among other things, the Division further requested that the default judgment include a provision that if the Defendants pay restitution to the Virginia franchisees, the Commission would waive the civil penalties.<sup>4</sup>

The hearing on the Rule was convened on April 4, 2017. The Division appeared by counsel, and the Defendants failed to appear at the hearing and were found in default pursuant to Ordering Paragraph (6) of the Rule. The Division's Motion was taken under advisement. Ms. Clifford testified on behalf of the Division.

On April 24, 2017, the Hearing Examiner issued his report ("Report") which summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendants violated §§ 13.1-560, 13.1-563 (2), and § 13.1-563 (4) of the Franchise Act.

Based on these findings, the Hearing Examiner recommended, among other things, that: (i) the Commission adopt the findings contained in the Report; (ii) the Division's motion for judgment by default should be granted; (iii) the comment period to the Report should be waived since the Defendants are in default; and (iv) the Defendants' violations of the Act support the maximum penalties permitted under Virginia law.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the Hearing

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<sup>2</sup> *Id.*, Attachment 3.

<sup>3</sup> *Id.* at 5.

<sup>4</sup> *Id.* at 5.

Examiner's overall findings and recommendations are reasonable and should be adopted, except that the Defendants shall first be afforded an opportunity to rescind the Franchises and make restitution to the Virginia franchisees pursuant to § 13.1-570 of the Franchise Act before assessing a penalty against them.

Accordingly, IT IS ORDERED THAT:

(1) The Division's Motion for judgment by default is hereby GRANTED.

(2) YoFresh is hereby PENALIZED, pursuant to § 13.1-570 of the Franchise Act, the following sums:

- (a) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-560 of the Franchise Act;
- (b) One Hundred Thousand Dollars (\$100,000) for four violations § 13.1-563 (2) of the Franchise Act; and
- (c) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-563 (4) of the Franchise Act.

(3) Gregoris is hereby PENALIZED, pursuant to § 13.1-570 of the Franchise Act, the following sums:

- (a) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-560 of the Franchise Act;
- (b) One Hundred Thousand Dollars (\$100,000) for four violations of § 13.1-563 (2) of the Franchise Act; and
- (c) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-563 (4) of the Franchise Act.

(4) Pursuant to § 13.1-570 of the Franchise Act, the Defendants shall have ninety (90) days from the date of entry of this order in which they may rescind the franchises and to make restitution to the Virginia franchisees before a penalty is assessed against them.

(5) The Defendants are hereby DIRECTED, jointly and severally, pursuant to § 13.1-567 of the Franchise Act, to pay the sum of Five Thousand Dollars (\$5,000) for the costs of the Division's investigation.

(6) YoFresh is hereby PERMANENTLY ENJOINED from registering or participating as a franchise in Virginia.

(7) The Defendants are hereby PERMANENTLY ENJOINED from any future violations of the Act.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission, by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, to: YoFresh Yogurt Franchising, Inc., and Christos T. Gregoris, 8 Faneuil Hall Marketplace, 3rd Floor, Boston, Massachusetts 02109; and the Commission's Office of General Counsel and Division of Securities and Retail Franchising.