

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 1, 2022

SECURITIES OFFICE
CORPORATE CONTROL CENTER

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2022-00010

SKYISM, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Skyism, LLC ("Skyism" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Skyism is a New York limited liability company. The Division alleges that on March 26, 2021, Mochinut, Inc. ("Mochinut"), a California corporation that offers and sells franchises providing doughnuts and similar items to the public, sold a master franchise to Skyism including the right to sell franchises called "Mochinut" in Virginia. Skyism has never registered a franchise in Virginia.

Based on its investigation, the Division alleges that, from April 2021 through February 2022, Skyism offered and sold to seven (7) different owners ("Virginia Franchisees") eight (8) unregistered franchises to be operated in Virginia in violation of § 13.1-560 of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) (ii) of the Act by failing to provide the seven Virginia Franchisees with the Commission's required disclosure document in connection with the offer and sale of the franchises.

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If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain civil penalties and to request that a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Division wherein the Defendant will abide by and comply with the following terms:

1. The Defendant will make an offer of rescission ("Rescission Offer") within thirty (30) days of the entry of this Order to the Virginia Franchisees as follows:
 - a. The Defendant will send the Rescission Offer, by certified mail, to each of the seven Virginia Franchisees. The Rescission Offer will include an offer to return the franchise fee, as defined by § 13.1-559 of the Act, paid by each of the Virginia Franchisees. The Rescission Offer will allow each of the Virginia Franchisees thirty (30) days from the date of receipt to provide the Defendant with written notification of the individual Virginia Franchisee's decision to accept or reject the Rescission Offer.
 - b. The Defendant will provide the Division with a copy of the Rescission Offer, for review and comment, at least ten (10) days prior to sending it to the Virginia Franchisees.
 - c. The Defendant will send a copy of this Order to each of the Virginia Franchisees.
 - d. If any of the Virginia Franchisees accepts the Rescission Offer, the Defendant will make payment of the franchise fee to the Virginia Franchisee(s) within fifteen (15) days of receipt of the written acceptance.
 - e. Within ninety (90) days from the date of entry of this Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, containing the date that each Virginia Franchisee received the Rescission Offer, each of the

Virginia Franchisees' responses, and, if applicable, the franchise fee amount paid and the date that payment was sent to each of the Virginia Franchisees.

2. The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Thirty-Two Thousand Five Hundred Dollars (\$32,500) in monetary penalties.

3. The Defendant will not violate the Act in the future.

The Division supports the Defendant's settlement offer and recommends that the Commission accept the settlement.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the settlement should be, and is hereby, accepted.

Accordingly, IT IS ORDERED THAT:

(1) The settlement is accepted.

(2) The Defendant shall fully comply with the terms of the settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms of the settlement.

A COPY shall be sent by the Clerk of the Commission by electronic mail to: Helena Kim, Esquire, hkim@yleelaw.com, and Yohan Lee, Esquire, ylee@yleelaw.com, Law Offices of Yohan Lee, 5681 Beach Boulevard., Suite 200, Buena Park, California 90621; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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STATE CORPORATION COMMISSION

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SKYISM, LLC,
Defendant



ADMISSION AND CONSENT

Skyism, LLC ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, and neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

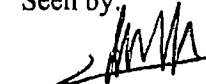
Skyism, LLC

Date: 10/18/2022

By:  
Evan John, Yongsu Pyun

Its: Owner

Seen by:


Yohan Lee, Esquire