

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

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2022 DEC 1 09:40

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2022-00009

MOCHINUT, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Mochinut, Inc. ("Mochinut" 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").

Mochinut is a California corporation. Mochinut offers and sells franchises that provide doughnuts and similar items to the public. Mochinut has never registered a franchise in Virginia.

The Division alleges that on March 26, 2021, Mochinut sold a master franchise to Skyism, LLC, a New York limited liability company, including the right to offer and sell Mochinut franchises in Virginia.

Based on its investigation, the Division alleges that the Defendant violated § 13.1-560 of the Act by offering to sell and selling a master franchise in Virginia without the franchise being registered under the provisions of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) (ii) of the Act by failing to provide the Commission's required disclosure document in connection with the offer and sale of the franchise.

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, within forty-five (45) days of the entry of this Order, will send a copy of this Order to all of the Defendant's franchisees in Virginia.
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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Defendant

ADMISSION AND CONSENT

Mochinut, Inc. ("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.

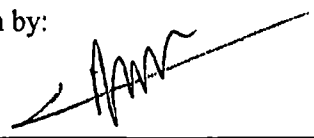
Mochinut, Inc.

Date: 10/22/2022

By: 

Its: CEO

Seen by:



Yohan Lee, Esquire