STATE OF WASHINGTON **SECURITIES DIVISION**

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CONSENT ORDER

Order Number S-09-106-09-CO01

DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING Whether there has been a violation of the Franchise Investment Protection Act Washington by:

BCD Restaurants, Inc., Hee Sook Lee, their agents and employees,

Respondents.

INTRODUCTION

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division of the Department of Financial Institutions (the "Securities Division") and Respondents, BCD Restaurants, Inc. and Hee Sook Lee, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

- 1. BCD Restaurants, Inc. ("BCD") is a California corporation with a principal place of business in Los Angeles, California.
- 2. Hee Sook Lee ("Mrs. Lee") is the President and founder of BCD and owns all outstanding shares of BCD. BCD, which does business as BCD Tofu House, operates a chain of restaurants which specializes in the preparation and sale of Korean-style tofu and related menu items and beverages (the "restaurant opportunity"). BCD and Mrs. Lee own a number of trademark registrations relating to the operation of the restaurants, including but not limited to, that of BCD Tofu House.

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CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS **Securities Division** PO Box 9033 Olympia, WA 98507-9033 360-902-8760

- 3. A purchaser of the restaurant opportunity is obligated to pay an initial fee, a running royalty, and a marketing fee, among others. A purchaser receive an operations manual, marketing materials, and other proprietary information concerning the operation of the restaurant opportunity, training in the operation of the business, use of proprietary names and marks, and exclusive rights to operate a restaurant at a specific location and/or within a specific territory.
- 4. On December 11, 2008, BCD filed or caused to be filed with the Securities Division an initial application to register the BCD restaurant opportunity in Washington (Franchise Registration Application File No. 70014228) pursuant to Washington's Franchise Investment Protection Act. The application to register is currently pending, and is subject of settlement. Information submitted by BCD or its counsel at approximately the same time as the registration filing indicated that BCD and Mrs. Lee had offered and sold a restaurant opportunity (under a document entitled "Trademark License Agreement") to a Washington resident for a restaurant to be located in Washington prior to the date of application. Mrs. Lee is personally acquainted with the Washington resident who purchased the restaurant opportunity. Neither BCD nor Mrs. Lee had provided the Washington purchaser with a UFOC that contained complete material information about the restaurant opportunity including, but not necessarily limited to, a financial statement for BCD.
- 5. BCD is not currently registered to sell franchises in the state of Washington and has not previously been so registered. There is no notification of claim of exemption on file relating to the BCD restaurant opportunity with the state of Washington Securities Division.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

The offer and/or sale of the BCD restaurant opportunity pursuant to the "Trademark License
 Agreement" described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(16) and
 RCW 19.100.010(4).

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033

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- 2. The offer and/or sale of said franchises was in violation of RCW 19.100.020, the registration requirement provision of the Franchise Investment Protection Act, because no registration for offers and/or sales is effective with the Securities Division and it appears that BCD does not otherwise qualify for an exemption from registration.
- 3. The offer and/or sale of said franchises was made in violation of RCW 19.100.080, the disclosure document requirement provision of the Franchise Investment Protection Act, because neither BCD nor Mrs. Lee provided the Washington purchaser with a disclosure document or offering circular prior to the sale of the franchise.

CONSENT ORDER

Based upon the foregoing:

IT IS AGREED AND ORDERED that BCD Restaurants, Inc. and its agents and employees each shall cease and desist the offer and/or sale of unregistered franchises in violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the State of Washington.

IT IS FURTHER AGREED AND ORDERED that BCD Restaurants Inc. and its agents and employees each cease and desist the offer and/or sale of franchises in violation of RCW 19.100.080, the disclosure document requirement provision of the Franchise Investment Protection Act of the State of Washington.

IT IS FURTHER AGREED AND ORDERED that BCD Restaurants, Inc. and its agents and employees each shall inform the current Washington franchisee of this Consent Order by providing that franchisee a copy of this Consent Order. BCD Restaurants, Inc. shall provide to the Securities Division within 60 days of the date of entry of this Consent Order proof of receipt or proof of delivery to that franchisee of a copy of this Consent Order.

IT IS FURTHER AGREED that BCD Restaurants, Inc. and Hee Sook Lee each enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that BCD Restaurants, Inc. shall reimburse the Securities Division \$750, payable prior to the entry of this Consent Order, for its costs of investigation of this matter.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033

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1	IT IS FURTHER AGREED that BCD Restaurants, Inc. and Hee Sook Lee shall, in consideration of the
2	foregoing, waive their right to a hearing in this matter and judicial review of this Consent Order.
3	IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.
4	SIGNED this 10th day of February, 2010.
5	BCD Restaurants, Inc. by:
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7	_/s/ Hee Sook Lee, President, and individually
8	- Tree sook zee, Frestaent, and marvidually
9	SIGNED and ENTERED with the SECURITIES DIVISION this 22nd day of February, 2010 by:
LO	SIGNED and ENTERED with the SECORTIES DIVISION this 22nd day of reordary, 2010 by.
L1	An Elm
L2	of the
L3	Suzanne Sarason Chief of Enforcement
L4	Presented by:
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L6	For Felom
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L8	Brad Ferber
L9	Financial Legal Examiner
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22	Reviewed by:
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24	CONSENT ORDER 4 DEPARTMENT OF FINANCIAL INSTITUTIONS
25	Securities Division PO Box 903; Olympia, WA 98507-903;
26	360-902-8760

Martin Cordell

Martin Cordell

Financial Legal Examiner Supervisor

CONSENT ORDER

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