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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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

Order No. S-23-3645-24-CO01

CONSENT ORDER

Culichitown Management Group, Inc.,  
Ramón Misael Guerrero Elenes,

Respondents.

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**INTRODUCTION**

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Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and Culichitown Management Group, Inc. and Ramón Misael Guerrero Elenes do hereby enter into this Consent Order in settlement of the matters alleged herein. Culichitown Management Group, Inc. and Ramón Misael Guerrero Elenes neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

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**FINDINGS OF FACT**

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**Respondents**

1. Culichitown Management Group, Inc. (“CMG”) dba Culichi Town is a California entity formed on December 31, 2015 with its principal place of business in Ontario, California. CMG is engaged in the business of offering and selling franchises involving the operation of a restaurant serving Mexican food and drinks under the name Culichi Town Restaurant.

2. Ramón Misael Guerrero Elenes (“Guerrero”) is a California resident. Guerrero is the CEO and president of CMG.

**Nature of the Conduct**

*Overview*

1 3. On November 12, 2020, CMG and Guerrero offered and sold an unregistered franchise to a  
2 Washington franchisee. This franchise was located in Tacoma, Washington and closed in 2022.

3 *Background*

4 4. Respondents entered into a franchise agreement, referred to as a “license agreement,” with the  
5 Washington franchisee for the operation of a Culichi Town restaurant using a system prescribed by  
6 Respondent.

7 5. At the time of the offer and sale, the franchisee owned and operated another Culichi Town  
8 restaurant located in Nevada pursuant to a similar “license agreement.”

9 *Franchise and Advertising Fees*

10 6. CMG required its franchisee to pay a \$75,000 “licensing fee” upon signing the “license  
11 agreement.”

12 7. The franchisee was required to pay an ongoing 7% “royalty fee” of the franchisee’s net sales.

13 8. CMG required its franchisee to conduct a grand opening. The franchisee was obligated to  
14 spend \$10,000 to \$15,000 on advertising and promoting the grand opening.

15 9. CMG required its franchisee to participate in an adverting fund and “spend commercially  
16 reasonable amounts on advertising, promotions and public relations within the Territory.”

17 *CMG Granted the Right to Use its Trademarks to its Franchisee*

18 10. CMG’s signed “license agreement” states that “you acknowledge and agree that we own all  
19 rights in and to the Marks and all related goodwill.” It mandates that “you must use the Marks (and only the  
20 Marks) as the sole identification of the Restaurant at the Site, and only in the manner we prescribe in the  
21 manuals, bulletins, and other notices to you.”

22 *CMG did not provide Franchisee with a Franchise Disclosure Document*

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1 11. Respondents did not provide Garcia with a Franchise Disclosure Document (“FDD.”) A FDD  
2 is a document required under state and federal law to be given to prospective franchisees. It contains material  
3 information about the franchise for use by the prospective franchisee to weigh the risks and benefits of  
4 purchasing the franchise.

### 5 **Registration Status**

6 12. On June 29, 2022, CMG’s operating affiliate Culichitown Franchise Corporation (“CFC”)  
7 applied to the Washington State Securities Division of the Department of Financial Institutions for the Initial  
8 Registration of an Offer and Sale of Franchises.

9 13. CFC acknowledged the existence of the Tacoma Culichi Town restaurant in its application  
10 materials, including its FDD.

11 14. CMG and Guerrero are not currently registered to sell their franchises in the state of  
12 Washington and have not previously been so registered.

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

### 14 **CONCLUSIONS OF LAW**

15 1. The offer and sale of the Licensing Agreement described above constitutes the offer and sale  
16 of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

17 2. CMG and Guerrero violated RCW 19.100.020, the franchise registration section of the  
18 Franchise Investment Protection Act, by offering and selling franchises for which no registration is on file  
19 with the Securities Administrator.

20 3. CMG and Guerrero violated 19.100.080, the disclosure document requirement section of the  
21 Franchise Investment Protection Act, by failing to furnish the Washington franchisee a copy of the franchisor's  
22 current franchise disclosure document.

### 23 **CONSENT ORDER**

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 41200  
Olympia, WA 98504-1200  
360-902-8760

1 IT IS AGREED AND ORDERED that Respondents CMG and Guerrero, and their agents and  
2 employees, shall each cease and desist from violating RCW 19.100.020, the franchise registration section of  
3 the Franchise Investment Protection Act.

4 IT IS AGREED AND ORDERED that Respondents CMG and Guerrero, and their agents and  
5 employees, shall each cease and desist from violating RCW 19.100.080, the disclosure document requirement  
6 section of the Franchise Investment Protection Act.

7 IT IS AGREED that Respondents CMG and Guerrero shall be jointly and severally liable for and pay  
8 costs in the amount of \$1,156.25.

9 IT IS AGREED that Respondents CMG and Guerrero enter into this Consent Order freely and  
10 voluntarily and with a full understanding of its terms and significance.

11 IT IS AGREED that the Securities Division has jurisdiction to enter this order.

12 IT IS AGREED that in consideration of the foregoing, the Respondents waive their right to a hearing  
13 and to judicial review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW.

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15 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

16  
17 Signed this 25th day of January 2024.

18  
19 Signed by:  
20 Culichitown Management Group

21 /s/  
22 Ramón Misael Guerrero Elenes  
23 President/CEO

1 Signed by:

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3       /s/        
4 Ramón Misael Guerrero Elenes, Individually

5 Approved as to form by:

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7       /s/        
8 Tanja Hens, Attorney for Respondents

9 SIGNED and ENTERED this 13th day of February, 2024.

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17       /s/        
18 William M. Beatty  
19 Securities Administrator

20 Approved by:

21 Presented by:

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23       /s/        
24 Brian J. Guerard  
25 Chief of Enforcement

26       /s/        
27 Denise Griffith  
28 Financial Legal Examiner

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30 Reviewed by:

31       /s/        
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Holly Mack-Kretzler  
Financial Legal Examiner Supervisor