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STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING Whether there has been a violation of the Franchise Investment Protection Act of Washington by: Order No.: S-20-2836-20-SO01

STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT

Burgerim Group USA, Inc.

Respondent.

THE STATE OF WASHINGTON TO:

Burgerim Group USA, Inc.

STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT

Please take notice that the Securities Administrator of the State of Washington enters an order against Respondent, Burgerim Group USA, Inc. (Burgerim), under 19.100.120 revoking the effectiveness of Burgerim's registration statement. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

1. Burgerim is a California corporation with its principal place of business in Encino, California. Burgerim offers a fast casual franchise concept with customizable burger options.

2. Burgerim's initial registration with the Securities Division of the Washington State Department of Financial Institutions (Securities Division) became effective on January 4, 2018, and its renewal statement became effective on February 14, 2019.

3. In that period, Burgerim sold two franchises in Washington. One of these franchises opened in August 2019, and the other has not yet opened.

4. Around December 18, 2019, Burgerim sent at least one of its franchisees a notification that Burgerim was restructuring its debts, had hired insolvency counsel, appointed a "Chief Restructuring Officer," and was considering filing for a Chapter 11 bankruptcy.

STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT

1	5. Burgerim's most recent franchise disclosure document (FDD) filed with the Securities
2	Division does not adequately disclose Burgerim's current financial condition, or that it has taken these
3	actions related to restructuring its debts.
4	6. Burgerim failed to respond to communications from state regulators, such those attempts
5	described in the Securities Division of the Office of the Attorney General of Maryland's Stop Order in Case
6	No. 2019-0213 (Maryland Stop Order), found at
7	http://www.marylandattorneygeneral.gov/Securities%20Actions/2019/Burgerim_USA_stop_order_Final_
8	<u>122719.pdf</u> and the Securities Division's own attempts to communicate with Burgerim in response to
9	learning of the Maryland Stop Order.
10	7. Burgerim, in at least one press report about the Maryland Stop order, confirmed that it was
11	likely to file for bankruptcy by the end of January 2020.
12	8. Burgerim continues to offer the sale of franchises on its website.
13	Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
14	CONCLUSIONS OF LAW
15	1. A stop order revoking the effectiveness of Burgerim's registration statement is in the public
16	interest.
17	2. Burgerim's failure to amend its registration on file with the Securities Division within a
18	reasonable period of time after a material adverse change in its condition and in the information contained
19	in its FDD is in violation of RCW 19.100.070.
20	3. Burgerim's FDD, as currently effective, would work or tend to work a fraud upon
21	purchasers.
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STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT

STOP ORDER REVOKING EFFECTIVENESS

Pursuant to RCW 19.100.120(2) and (5), and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator enters this stop order revoking the effectiveness of Burgerim's registration statement that became effective on February 14, 2019.

AUTHORITY AND PROCEDURE

This order is entered pursuant to the provisions of RCW 19.100.120 and 19.100.130 and is subject to the provisions of Chapter 34.05 RCW. Respondent Burgerim may make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this order. If Respondent Burgerim does not request a hearing within the permitted time, the Securities Administrator intends to adopt the above Tentative Findings of Fact, Conclusions of Law, and Stop Order as final.

SIGNED and ENTERED this <u>14th</u> day of January, 2020.

William Beatty Securities Administrator

Approved by:

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Suzanne Sarason Chief of Enforcement

2 Reviewed by:

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STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT

Presented by:

Patrick Stickney Financial Legal Examiner

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

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	STOP ORDER REVOKING THE EFFECTIVENESS OF REGISTRATION STATEMENT