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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:

Chu Yu Hsiang Co., Ltd.
d/b/a Ding Tea

Respondent.

Order No. S-21-3145-21-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Chu Yu Hsiang Co., Ltd. d/b/a Ding Tea do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Chu Yu Hsiang Co., Ltd. d/b/a Ding Tea neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Chu Yu Hsiang Co., Ltd. d/b/a Ding Tea is a Taiwan corporation formed in 2018. Chu Yu Hsiang Co., Ltd. is the parent company of Ding Tea Corporation. Ding Tea has a system of tea shop franchises that sell gourmet teas, coffee, bubble tea, food products, and other related accessories and gifts. The predecessor of Chu Yu Hsiang Co., Ltd. is Vision & Triumph (Samoa) Limited, a Samoa International Company that was formed in January 2016 and was dissolved in September 2019. The President, CEO, and General Manager of Chu Yu Hsiang Co., Ltd. is Wei-Hsiang Hsu. The principal place of business of Ding Tea is in Taichung City, Taiwan.

CONSENT ORDER

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

1 **Related Entity**

2 2. Ding Tea Corporation is a Delaware corporation formed on January 7, 2019. Ding Tea
3 Corporation's principal place of business is in Taichung City, Taiwan.

4 **Nature of the Conduct**

5 3. On September 22, 2020, Ding Tea Corporation filed an initial franchise registration application
6 with the Securities Division. The initial franchise registration application included a copy of a Franchise
7 Disclosure Document (FDD) that did not disclose any information regarding outlets in Washington.

8 4. In November 2020, the registration unit of the Securities Division sent a comment letter to
9 Ding Tea and inquired about whether the company had any outlets in Washington. In April 2021, counsel for
10 Ding Tea disclosed to the Securities Division that between approximately 2017 and 2021, the company's
11 parent corporation (Chu Yu Hsiang Co., Ltd.) and the predecessor to its parent corporation (Vision & Triumph
12 (Samoa) Limited) sold a total of eight Ding Tea franchises to five residents of Washington. None of these
13 franchises were registered with the Securities Division.

14 5. Ding Tea posted information about franchise opportunities on its website. Some franchisees
15 learned about Ding Tea franchise opportunities through word of mouth and from franchisees in California,
16 where Ding Tea has more than 70 tea shops.

17 6. Ding Tea's parent corporation and predecessor entered into a variety of written agreements
18 including some that were captioned "Franchise Agreement." The agreements generally had a term of three
19 years. Under the agreements, franchisees received initial training, an operations manual, and the right to use
20 the company's trademark and logo in the operation of tea shop.

21 7. Franchisees paid a franchisee fee of between \$20,000 and \$30,000. The fee was sometimes
22 referred to as a "brand royalty" and was wired to a bank account in Taiwan. Some franchisees were required
23

1 to pay other fees, including a monthly service fee and a \$3,000 performance guarantee that was refundable if
2 certain requirements were met.

3 8. Between 2017 and 2019, Ding Tea Corporation did not provide any of the Washington
4 franchisees with an FDD. In February 2020, a franchise in Edmonds, Washington permanently closed and
5 Ding Tea refunded the franchise fee that was paid by the franchisee. In November 2020, Ding Tea provided
6 two prospective franchisees with a FDD that was dated July 2020. The FDD that was provided to these
7 franchisees was not approved by the Securities Division and did not disclose any information about other
8 franchises in the state of Washington. In December 2020 and January 2021, Ding Tea entered into two
9 franchise agreements with the franchisees, although the Securities Division had not yet approved the
10 company's franchise registration application.

11 **Registration Status**

12 9. Ding Tea Corporation is not currently registered to sell its franchises in the state of Washington
13 and has not previously been so registered. On September 22, 2020, Ding Tea Corporation filed an initial
14 franchise registration application with the Securities Division (DFI File No. 70017095). To date, that
15 franchise application has not yet been approved.

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

17 **CONCLUSIONS OF LAW**

18 1. The offer or sale of franchises as described above constitutes the offer or sale of a franchise
19 as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

20 2. The offer or sale of said franchises was in violation of RCW 19.100.020 because no
21 registration for such offer or sale is on file with the Washington Securities Administrator.
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Signed this 13 day of August, 2021

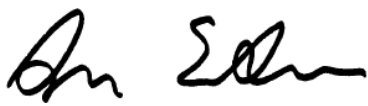
Signed by:
Chu Yu Hsiang Co., Ltd. d/b/a Ding Tea

By /s/
Wei-Hsiang Hsu
President and Chief Executive Officer


SIGNED and ENTERED this 31st day of August, 2021



William M. Beatty
Securities Administrator

Approved by:


Suzanne Sarason
Chief of Enforcement

Presented by:


Robert Kondrat
Financial Legal Examiner

CONSENT ORDER

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