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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 of
Washington by:

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Friendship Holding LLC,

Respondent.

Order No. S-22-3483-23-CO01

CONSENT ORDER AND ORDER VACATING ORDER
NO. S-22-3483-23-FO01

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INTRODUCTION

On May 15, 2023, the Securities Administrator of the state of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Order No. S-21-3483-23-FO01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondent Friendship Holding LLC on May 16, 2023. The Notice advised Respondent Friendship Holding LLC that the Application must be received within twenty days from the date of service. Respondent Friendship Holding LLC failed to request an administrative hearing within twenty days of service. On June 21, 2023, the Securities Administrator issued an Entry of Findings of Fact and Conclusions of law and Final Order to Cease and Desist, Order No. S-22-3483-23-FO01 (“Final Order”).

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division does hereby vacate the Final Order, and the Securities Division and Respondent Friendship Holding LLC now enter into this Consent Order in settlement of the matters alleged herein. Respondent Friendship Holding LLC neither admits nor denies the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

Respondent

CONSENT ORDER AND ORDER
VACATING ORDER NO.
S-22-3483-23-FO01

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

1 1. Friendship Holding LLC (“Friendship Holding”) is a New York limited liability company
2 formed on or around October 22, 2018, that maintains its principal place of business in Flushing, New York.
3 Friendship Holding is in the business of selling restaurant franchises that operate under the Friendship Foods
4 trademark. These franchised restaurants specialize in Chinese-style barbecue (“BBQ”) meat and seafood.

5 **Nature of the Conduct**

6 *Overview*

7 2. On or around April 30, 2019, Friendship Holding sold an unregistered franchise to a
8 Washington corporation (the “Franchisee”). The Franchisee was granted the right to operate a Chinese-style
9 BBQ restaurant under the Friendship Foods trademark. Friendship Holding failed to provide the Franchisee
10 with a Franchise Disclosure Document (“FDD”).

11 *Friendship Holding Grants the Franchisee the Right to Use Its Trademark*

12 3. On or around April 30, 2019, Friendship Holding and the Franchisee entered into a Trademark
13 License Agreement (the “Agreement”).

14 4. As part of the Agreement, Friendship Holding granted the Franchisee the non-exclusive license
15 to use the Friendship Foods trademark (the “Trademark”). Friendship Holding registered the Trademark with
16 the United States Patent and Trademark Office on June 5, 2018.

17 5. The Agreement grants the Franchisee the right to use Trademark in a specific geographic area:
18 Seattle, Washington.

19 *Friendship Holding Provides a Marketing Plan to the Franchisee*

20 6. The Agreement also grants the Franchisee the right to sell food while using the Trademark.
21 This right to sell food, however, is subject to a number of conditions.

22 7. According to the Agreement, the Franchisee must use the menu provided to it by Friendship
23 Holding. The Franchisee is strictly limited to selling items on the menu. In preparing the items on the menu,

1 the Franchisee must only use food materials recommended by Friendship Holding. Additionally, the
2 Franchisee must use the sauce provided to it by Friendship Holding. If the Franchisee wishes to make any
3 changes to the menu, it must first obtain written approval from Friendship Holding.

4 8. According to the Agreement, Friendship Holding must also approve any signs, sales materials,
5 or advertising materials used by the Franchisee that bear the Trademark. Prior to using any of these materials,
6 the Franchisee is obligated to send to Friendship Holding a photograph or copy of the materials.

7 9. In addition to granting the Franchisee the right to sell food, Friendship Holding agrees to
8 provide certain services to the Franchisee as part of the Agreement. These services include skill training,
9 instruction, and technical consultation.

10 10. In or around 2019, Friendship Holding provided the Franchisee with training on how to prepare
11 menu items. Friendship Holding also trained the Franchisee on “front-of-the-house” procedures, including
12 how to interact with customers and take orders.

13 *Friendship Holding Requires the Franchisee to Pay a Fee*

14 11. In the Agreement, the Franchisee agrees to pay Friendship Holding a “licensing fee” of 3% of
15 monthly gross sales, plus a “management fee” of \$60,000, which is due at the time of the signing of the
16 contract.

17 *Friendship Holding Failed to Provide the Franchisee with a Franchise Disclosure Document*

18 12. Friendship Holding failed to provide the Franchisee with a Franchise Disclosure Document
19 (“FDD”) at least fourteen days before the execution of the Agreement.

20 13. By failing to provide an FDD to the Franchisee, Friendship Holding failed to provide the
21 Franchisee with material information about its business, including information related to the financial
22 condition of the company.

23 **Registration Status**

1 14. Friendship Holding is not currently registered to sell franchises in the state of Washington and
2 has not previously been so registered.

3 15. Friendship Holding has not filed a notice of exemption from registration with the Securities
4 Administrator.

5 **CONCLUSIONS OF LAW**

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

7 1. The licensing agreement between Friendship Holding LLC and the Franchisee described above
8 constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and
9 RCW 19.100.010(17).

10 2. Friendship Holding LLC violated RCW 19.100.020, the franchise registration section of the
11 Franchise Investment Protection Act, by offering and/or selling a franchise for which no registration or
12 exemption is on file with the Securities Administrator.

13 3. Friendship Holding LLC violated RCW 19.100.080, the disclosure document requirement
14 section of the Franchise Investment Protection Act, by selling a franchise without providing the prospective
15 franchisee with a current disclosure document at least fourteen calendar days prior to the sale of the franchise.

16 **CONSENT ORDER**

17 Based on the foregoing and finding it in the public interest:

18 IT IS AGREED AND ORDERED that Respondent Friendship Holding LLC, and its agents and
19 employees, shall cease and desist from violations of RCW 19.100.020.

20 IT IS AGREED AND ORDERED that Respondent Friendship Holding LLC, and its agents and
21 employees, shall cease and desist from violations of RCW 19.100.080.

22 IT IS AGREED AND ORDERED that Respondent Friendship Holding LLC shall pay investigative
23 costs of \$750.

1 IT IS AGREED that Respondent Friendship Holding LLC entered into this Consent Order freely and
2 voluntarily and with a full understanding of its terms and significance.

3 IT IS AGREED that the Securities Division has jurisdiction to enter this Consent Order.

4 IT IS AGREED that in consideration of the foregoing, the Securities Division hereby vacates the Final
5 Order S-22-3483-23-FO01 against Respondent Friendship Holding LLC.

6 IT IS AGREED that in consideration of the foregoing, Respondent Friendship Holding LLC waives
7 its right to a hearing and to judicial review of this matter pursuant to Chapter 34.05 RCW.

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

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12 Signed this ____18th____ day of _____ January _____ 2024.

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Signed by:

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Friendship Holding LLC

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 /s/

Wanying Xie, President

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Approved as to form by:

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 /s/

Brian Lincer, Attorney for Respondent Friendship Holding LLC

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SIGNED and ENTERED this 5th day of January, 2024.

/s/

William M. Beatty
Securities Administrator



Approved by:

Presented by:

/s/
Brian J. Guerard
Chief of Enforcement

/s/
Brett Werenski
Financial Legal Examiner

Reviewed by:

/s/
Holly Mack-Kretzler
Financial Legal Examiner Supervisor