

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Franchise Investment Protection Act by:
7 Chungchun Hotdog USA, Inc.;
8 Mochinut, Inc.;
9 Mochinut Franchise, Inc.;
10 Jae Wook Ha;
11 Salt & Light LLC d.b.a. Mochinut Seattle; and
12 Yu Tang a.k.a. Taylor Tang d.b.a. Salt & Light
13 Holdings, LLC;
14 Respondents.

Order No. S-22-3490-24-CO01
CONSENT ORDER
AS TO
CHUNGCHUN HOTDOG USA, INC.;
MOCHINUT, INC.;
MOCHINUT FRANCHISE, INC.; AND
JAE WOOK HA

15 **INTRODUCTION**

16 Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and
17 Chungchun Hotdog USA, Inc.; Mochinut, Inc.; Mochinut Franchise, Inc.; and Jae Wook Ha; do hereby enter
18 into this Consent Order in settlement of the matters alleged herein. Chungchun Hotdog USA, Inc.; Mochinut,
19 Inc.; Mochinut Franchise, Inc.; and Jae Wook Ha neither admit nor deny the Findings of Fact and Conclusions
20 of Law as stated below.

21 **FINDINGS OF FACT**

22 **Respondents**

23 1. Chungchun Hotdog USA, Inc. (“Chungchun”) is a California Corporation, incorporated in
June 2019 with its principal place of business in Los Angeles, California. Chungchun is in the business of
selling hot dog restaurant and/or quick service store franchises under the name of “Chungchun.”

2. Mochinut, Inc. (“Mochinut”) is a California Corporation, incorporated in March 2020, with
its principal place of business in Los Angeles, California. Mochinut, an affiliate of Mochinut Franchise, Inc.,
is in the business of offering and selling Mochi Donut franchises.

1 3. Mochinut Franchise, Inc. (“Mochinut Franchise”) is a California Corporation, incorporated in
2 August 2021, with its principal place of business in Los Angeles, California. Mochinut Franchise is in the
3 business of offering and selling Mochinut Donut franchises.

4 4. Jae Wook Ha (“Ha”) is and/or was a founder, a chief executive officer, and director of
5 Chungchun, Mochinut, and Mochinut Franchise.

6 5. Respondent Salt & Light LLC (“Salt & Light”) is a Washington limited liability company
7 formed on September 21, 2020, with its principal place of business in Woodinville, Washington. Respondent
8 Salt & Light is in the business of offering and selling Mochinut Donut franchises.

9 6. Yu Tang, a.k.a. Taylor Tang and d.b.a. Salt & Light Holdings, LLC (“Tang”), is a founder
10 and principal of Salt and Light, and is a Washington resident.

11 **Franchise Registration Background**

12 7. On September 3, 2019, Chungchun filed a franchise registration application with the
13 California Department of Business Oversight (“DBO”) to offer and sell franchises in that state. Chungchun
14 filed a copy of its Franchise Disclosure Document (“FDD”) as part of its registration application. An FDD is
15 a document required under state and federal law to be given to prospective franchise purchasers and contains
16 material information for use by investors to weigh the risks and benefits of the investment. On September
17 13, 2019, the DBO issued Chungchun a permit to offer and sell franchises in California.

18 **Nature of the Conduct**

19 8. In or about the fall of 2019, Chungchun and Ha negotiated the sale with a Washington resident
20 (“Resident”) to operate a Chungchun Rice Hot Dog location in Seattle, Washington. On or about September
21 22, 2019, Chungchun and Ha signed a Trademark License Agreement in which they granted the Resident the
22 right to use the Chungchun trademarks, service marks, tradenames, logotypes, commercial symbols, and
23 copyrights in the operation of a Chungchun Rice Hot Dog store. Chungchun and Ha charged the Resident a

1 \$25,000 license fee and required the Resident to pay a 4% monthly royalty on gross sales. Chungchun and
2 Ha agreed to provide the Resident marketing assistance using 1% of the royalties they collected. In addition
3 to marketing assistance, Respondents provided the Resident training and operational assistance in the
4 operation of the store.

5 9. In 2020, Mochinut solicited and offered prospective franchisees the opportunity to operate
6 their Mochinut stores through its website at www.mochinut.com, where interested parties could obtain
7 information by making an email or telephone inquiry.

8 10. On or about August 11, 2020, Ha and Mochinut entered into a “Trademark License
9 Agreement” with two Washington residents (the “Residents”) to operate a Mochinut location in Lakewood,
10 Washington. Mochinut granted the Residents a license to use the Mochinut tradenames and trademarks in
11 exchange for a \$30,000 initial fee and an ongoing monthly royalty of \$1,500. Mochinut agreed to exclusively
12 provide the Residents with the ingredients and powders needed for the products to be sold. Ha and Mochinut
13 provided the Residents with training assistance, assisted with them in the store construction process, and
14 assisted them with their social media marketing.

15 11. In August 2020, Yu Tang, a Washington resident, contacted Mochinut via email to inquire
16 about purchasing a Mochinut franchise location. During the course of the discussions, Mochinut agreed to
17 not only offer him the right to open Mochinut stores, Mochinut granted Salt & Light and Tang a master
18 license for the state that granted them the right to offer and sell Mochinut franchises, with the exception of
19 Lakewood, Washington as Mochinut had already sold a franchise to be located there.

20 12. Mochinut granted Tang a license and the exclusive rights to use the Mochinut tradenames and
21 trademarks in the state of Washington in exchange for a \$150,000 fee for the designated territory. Mochinut
22 agreed to exclusively provide Tang with the ingredients and powders needed for the products to be sold.
23

1 13. Mochinut provided Salt & Light and Tang with a trainer to assist in the opening of their first
2 store. Mochinut provided Salt & Light and Tang with a variety of marketing aids through a Google Drive
3 account.

4 14. Mochinut and Mochinut Franchise, Inc. obtained prospective franchisees through its website
5 and referred interested Washington residents to Salt & Light and Tang. Salt & Light and Tang offered and
6 sold two Mochinut franchises to the referrals. Salt & Tang granted these franchisees the right to use the
7 Mochinut tradenames and marks in exchange for a franchise fee ranging from \$50,000 to \$60,000 with one
8 of the franchisees also paying a 6% monthly royalty fee. Salt & Light and Tang provided the franchisees with
9 construction advice, pre-opening store training and ongoing marketing assistance through the Mochinut
10 Google Drive account.

11 15. Chungchun, Salt & Light and Tang failed to provide prospective franchisees with a Franchise
12 Disclosure Document.

13 16. Chungchun, Mochinut, Mochinut Franchise, and Ha have never been registered to offer or sell
14 Chungchun and/or Mochinut franchises in the state of Washington.

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

16 **CONCLUSIONS OF LAW**

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

19 2. Chungchun, Mochinut, Mochinut Franchise, and Ha violated RCW 19.100.020, the franchise
20 registration section of the Franchise Investment Protection Act, by offering and selling a franchise for which
21 no registration is on file with the Securities Administrator.

1 3. Chungchun, Mochinut, Mochinut Franchise, and Ha violated RCW 19.100.080, the “unlawful
2 acts” section of the Franchise Investment Protection Act, by failing to provide franchise disclosure documents
3 to prospective franchisees.

4 Based upon the foregoing and finding it in the public interest:

5 **CONSENT ORDER**

6 IT IS AGREED AND ORDERED that Respondents Chungchun Hotdog USA, Inc.; Mochinut, Inc.;
7 Mochinut Franchise, Inc.; and Jae Wook Ha; and their agents and employees shall each cease and desist from
8 offering or selling franchises in violation of RCW 19.100.080, the franchise disclosure document section of
9 the Franchise Investment Protection Act.

10 IT IS AGREED AND ORDERED that Respondents Chungchun Hotdog USA, Inc.; Mochinut, Inc.;
11 Mochinut Franchise, Inc.; and Jae Wook Ha; and their agents and employees shall each cease and desist from
12 offering or selling franchises in violation of RCW19.100.020, the franchise registration section of the
13 Franchise Investment Protection Act.

14 IT IS AGREED that Respondents Chungchun Hotdog USA, Inc.; Mochinut, Inc.; Mochinut
15 Franchise, Inc.; and Jae Wook Ha shall be liable for and pay investigative costs in the amount of \$9,737 prior
16 to the entry of this order.

17 IT IS AGREED that Respondents Chungchun Hotdog USA, Inc.; Mochinut, Inc.; Mochinut
18 Franchise, Inc.; and Jae Wook Ha, enter into this Consent Order freely and voluntarily and with a full
19 understanding of its terms and significance.

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

21 IT IS AGREED that in consideration of the foregoing, the Respondents Chungchun Hotdog USA,
22 Inc.; Mochinut, Inc.; Mochinut Franchise, Inc.; and Jae Wook Ha waive their right to a hearing and to judicial
23 review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW.

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

2 Signed this 15th day of April 2024.

3 Signed Chungchun Hotdog USA Inc. by Jae Wook Ha

Mochinut Franchise Inc. by Jae Wook Ha

4 /s/

/s/

5 Mochinut Inc. by Jae Wook Ha

Jae Wook Ha, individually

6 Approved as to form by:

7 /s/

8 Yohan Lee, CA Bar Association # 259271

9 SIGNED and ENTERED this 30th day of April, 2024 by



15 /s/

16 William M. Beatty
Securities Administrator

17 Approved by:

Presented by:

18 /s/

/s/

19 Brian Guerard
Chief of Enforcement

20 Martin Cordell
Financial Legal Examiner

21 Reviewed by:

22 /s/

23 Huong Lam
Financial Legal Examiner Supervisor