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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:

Al's Hot Chicken Franchising, LLC,

Respondent.

Order No.: S-23-3591-23-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Al's Hot Chicken Franchising, LLC, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Al's Hot Chicken Franchising, LLC, neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Al's Hot Chicken Franchising, LLC, ("Al's Hot Chicken"), a Delaware limited liability company engaged in the business of offering and selling Al's Hot Chicken franchises, was formed on February 17, 2021.

Related Persons and Entities

2. Hot Chicken, LLC ("Hot Chicken") is a Washington limited liability company, formed on November 12, 2021.

3. Abdal Almasri ("Almasri") is the CEO and founder of Al's Hot Chicken Franchising, LLC.

CONSENT ORDER

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

1 4. Burhan Saleh (“Saleh”) is identified as owner of Hot Chicken in various news and media
2 reports. Additionally, Saleh is named as owner of Hot Chicken in filings with the Washington Secretary of
3 State.

4 5. Kasey Gano (“Gano”) is identified as owner of Hot Chicken in various news and media reports.

5 **Offer and Sale of Franchise**

6 6. On November 3, 2021, Saleh and Almasri executed a Partnership Agreement, formed to
7 conduct the business of “Fast casual food dba Al’s Hot Chicken,” located in University Place, Washington,
8 near Tacoma.

9 7. The Partnership Agreement provides that partner Saleh and third-party Gano pay the “capital
10 of the partnership” in the amount of \$25,000.00. The agreement is silent as to where the “capital” funds shall
11 be directed.

12 8. The Partnership Agreement provides that profits and losses of Hot Chicken be allocated at 95%
13 to Saleh and Gano, and 5% to Almasri.

14 9. The Partnership Agreement provides that “each partner shall devote his entire time to the
15 conduct of the business,” despite Almasri’s concurrent franchisor and franchisor affiliate duties, including (1)
16 CEO of Al’s Hot Chicken Franchising, LLC; (2) CEO of New Hype, LLC, DBA Al’s Hot Chicken; (3)
17 Managing Member of AHC Spice Company, LLC; and (4) Managing Member of L.A. Gourmet, LLC.

18 10. On November 12, 2021, Hot Chicken, naming Saleh as owner, became an effective
19 Washington Limited Liability Company after filing a certificate of formation with the Washington Secretary
20 of State.

21 11. Hot Chicken opened in the Tacoma area in October of 2022 with the same menu and marketing
22 materials as other Al’s Hot Chicken outlets.

23 **CONSENT ORDER**

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1 12. Hot Chicken uses the Al's Hot Chicken trademark owned by Almasri and associated with Al's
2 Hot Chicken.

3 13. The Tacoma area outlet is listed at www.alshotchicken.com, along with other outlets including
4 one affiliate (Venice outlet) and several franchise locations.

5 14. On November 18, 2022, Al's Hot Chicken applied to the Washington State Securities Division
6 of the Department of Financial Institutions for the Initial Registration of an Offer and Sale of Franchises.
7 Application materials included a Franchise Disclosure Document ("FDD") and various exhibits.

8 15. In its FDD, Al's Hot Chicken failed to disclose the Tacoma-area outlet as either an affiliate or
9 franchise location. In fact, the only Washington outlet that was disclosed in the FDD was as one of the
10 "Projected New Franchised Outlets in the Next Fiscal Year."

11 16. In its FDD, Al's Hot Chicken disclosed the initial franchise fee (\$30,000) and the royalty fee
12 (5% of gross sales). The fees were markedly similar to the terms of the "partnership" agreement between
13 Almasri and Saleh.

14 17. Shortly after the Tacoma-area outlet opening, Mohamed-Nazim Gomri, Vice President of
15 Operations for Al's Hot Chicken, posted on social media that "[t]he franchise world and fast-casual food
16 industry are not easy. However, after months of hard work, seeing happy franchisees and happy customers is
17 what makes me proud." He continued by listing *franchise* locations, including Tacoma, Washington.

18 18. On December 13, 2022, King 5 reported that Saleh and Gano, were the "owners of the first
19 LA-based franchise to make its debut in Western Washington."

20 19. As recently as June 21, 2023, Soumya Gupta, reporting for South Sound Business about Hot
21 Chicken and Saleh, wrote "Saleh also said he hopes to expand his Al's Hot Chicken franchise empire in
22 Washington and beyond."

1 **Registration Status**

2 20. On November 18, 2022, Al’s Hot Chicken applied to the Washington State Securities Division
3 of the Department of Financial Institutions for the Initial Registration of an Offer and Sale of Franchises.

4 21. Al’s Hot Chicken initially failed to acknowledge Hot Chicken and the Tacoma-area outlet in
5 its application materials, including in its Franchise Disclosure Document.

6 22. Respondent Al’s Hot Chicken is not currently registered to offer or sell its franchises in the
7 state of Washington and has not previously been so registered.

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

9 **CONCLUSIONS OF LAW**

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

12 2. The offer or sale of said franchises was in violation of RCW 19.100.020 because no
13 registration for such offer or sale is on file with the Washington Securities Administrator.

14 **CONSENT ORDER**

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

16 IT IS AGREED AND ORDERED that Respondent Al’s Hot Chicken, and its agents and employees,
17 shall each cease and desist from offering or selling franchises in violation of RCW 19.100.020, the registration
18 section of the Franchise Investment Protection Act of the state of Washington.

19 IT IS FURTHER AGREED AND ORDERED that Respondent Al’s Hot Chicken shall be liable for
20 and shall pay investigative costs of \$1250.00 prior to the entry of this Consent Order.

21 **CONSENT ORDER**

DEPARTMENT OF FINANCIAL INSTITUTIONS
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1 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

2 IT IS FURTHER AGREED that Respondent Al's Hot Chicken enters into this Consent Order freely
3 and voluntarily and with a full understanding of its terms and significance.

4 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Al's Hot Chicken
5 waives its right to a hearing and to judicial review of this matter.

6 Signed this 23rd day of August, 2023

7 /s/Abdal Almasri

8 _____

9 Al's Hot Chicken Franchising, LLC

10 Print Name: Abdal Almasri

11 Title: CEO

12 Approved as to form by:

13 _____
14 Russell Kinsey

15 Attorney at Law

16 SIGNED and ENTERED this 31st day of August, 2023



18
19
20 CONSENT ORDER

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/s/William M. Beatty

William M. Beatty
Securities Administrator

Approved by:

/s/Brian Guerard

Brian Guerard
Chief of Enforcement

Presented by:

/s/Megan Campbell

Megan Campbell
Financial Legal Examiner

Reviewed by:

/s/Holly Mack-Kretzler

Holly Mack-Kretzler
Financial Legal Examiner Supervisor