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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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Sushi Avenue, Incorporated.

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Respondent.

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Order No. S-24-3769-24-CO01

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CONSENT ORDER

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

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FINDINGS OF FACT

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Respondent

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1. Sushi Avenue, Incorporated (Sushi Avenue) is a Minnesota corporation formed in January 2004. Sushi Avenue uses a business address in Eagan, Minnesota. Sushi Avenue is in the business of operating sushi bars, including some that are located in the deli section of grocery stores or supermarkets. The sushi bars sell grab-and-go and made-to-order sushi, build-your-own rice bowls, and other made-to-order hot foods. Sushi Avenue began operations in Washington in 2016. The Chief Executive Officer of Sushi Avenue is Nay Hla.

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Nature of the Conduct

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2. In or around November 2016, Sushi Avenue entered into a Specialty License Agreement with a grocery business in Washington. The Specialty License Agreement granted Sushi Avenue the right to operate a sushi bar and food business inside a grocery store in Bellevue, Washington. Sushi Avenue signed

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CONSENT ORDER

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

1 new written agreements with the grocery business in 2017 and 2021, which expanded the scope of the
2 agreement to a total of six grocery stores, including stores in Mill Creek, Poulsbo, Shoreline, Bainbridge
3 Island, and Seattle, Washington.

4 3. Between 2016 and 2024, Sushi Avenue entered into 14 written agreements constituting
5 franchises with residents of Washington and other states who were referred to as “independent contractors”
6 (hereinafter “franchisees”). Franchisees operated a sushi bar at a specified grocery store in Washington that
7 was owned by the grocery business. Sushi Avenue provided franchisees with an operations manual, a training
8 program, a menu, signage, and point-of-sale materials to attract customers. Franchisees were responsible for
9 the preparation, display, and sale of sushi and other related food items in ready-to-go containers. Sushi
10 Avenue received fees from franchisees, including a portion of their gross sales proceeds. Franchisees were
11 required to purchase all food and sushi products from Sushi Avenue. Franchisees were directed to sell
12 products using the Sushi Avenue brand or its “One Two Three Sushi” brand. Beginning around October
13 2022, franchisees used a “house brand” that was trademarked by the grocery business.

14 4. Sushi Avenue, Incorporated did not provide any of the Washington franchisees with a franchise
15 disclosure document (FDD) prior to executing the written agreements.

16 **Registration Status**

17 5. Sushi Avenue, Incorporated is not currently registered to sell franchises in the state of
18 Washington and has not previously been so registered. On or about September 18, 2023, SAH Holdings,
19 LLC, a Minnesota limited liability company that, until June 10, 2024, was a subsidiary of Sushi Avenue, filed
20 an initial application for franchise registration with the Securities Division (DFI File No. 70018128). To date,
21 that franchise application has not yet been approved.

22 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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1 **CONCLUSIONS OF LAW**

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

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

6 3. The offer or sale of said franchises was in violation of RCW 19.100.080 because Sushi
7 Avenue, Incorporated failed to provide franchisees with a franchise disclosure document prior to the sale of
8 the franchise.

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

10 **CONSENT ORDER**

11 IT IS AGREED AND ORDERED that Respondent Sushi Avenue, Incorporated and its agents and
12 employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.020,
13 the registration section of the Franchise Investment Protection Act of the state of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondent Sushi Avenue, Incorporated and its
15 agents and employees shall each cease and desist from any violation of RCW 19.100.080, the franchise
16 disclosure document section of the Franchise Investment Protection Act of the state of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondent Sushi Avenue, Incorporated shall be
18 liable for and shall pay investigative costs of \$2,000 prior to the entry of this Consent Order.

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

20 IT IS FURTHER AGREED that Respondent Sushi Avenue, Incorporated enters into this Consent
21 Order freely and voluntarily and with a full understanding of its terms and significance.
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1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Sushi Avenue,
2 Incorporated waives its right to a hearing and to judicial review of this matter.

3 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**
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5 Signed this 24 day of June, 2024

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7 Signed by:
8 Sushi Avenue, Incorporated

9 By /s/
10 Nay Hla
11 CEO

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1 SIGNED and ENTERED this 1st day of July, 2024



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/s/
William M. Beatty
Securities Administrator

12 Approved by:

Presented by:

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/s/
Brian J. Guerard
Chief of Enforcement

/s/
Robert Kondrat
Financial Legal Examiner

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CONSENT ORDER

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