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:

7 Pink Baking Co. d.b.a. Kiki Bakery,
Pin-Hsiu Lin, and
8 Ming Chang Peng

Respondents.

Order No. S-20-3053-21-FO01

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST AS TO PINK BAKING CO. D.B.A. KIKI BAKERY, PIN-HSIU LIN, AND MING CHANG PENG

 THE STATE OF WASHINGTON TO:
 Pink Baking Co., Pin-Hsiu Lin, and Ming Chang Peng

On July 8, 2021, the Securities Administrator of the state of Washington issued a Statement of 12 Charges and Notice of Intent to Enter Order to Cease and Desist, Order Number S-20-3053-21-SC01 13 ("Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity for Hearing 14 ("Notice") and an Application for Adjudicative Hearing ("Application"), were served on Respondents Pink 15 Baking Co. d.b.a. Kiki Bakery, Pin-Hsiu Lin, and Ming Chang Peng (the "Respondents") on July 12, 2021 16 by U.S Mail. The Notice advised the Respondents that the Application must be received within twenty days 17 from the date of service. The Respondents failed to request an administrative hearing within twenty days of 18 the date of service. Therefore, the Securities Administrator adopts as final the following Findings of Fact 19 and Conclusions of Law as set forth in the Statement of Charges and enters a final order against the 20 Respondents to cease and desist from violations of the Franchise Investment Protection Act.

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ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST

FINDINGS OF FACT

Respondents

1. Pink Baking Co. ("Pink Baking") was incorporated in the state of California. Its principal business address is in Edmonds, Washington. Pink Baking is in the business of operating "Kiki Bakery" chain stores.

2. Pin-Hsiu Lin ("Lin") is a principal and co-owner of Pink Baking.

3. Ming Chang Peng ("Peng") is a principal and co-owner of Pink Baking.

Nature of Conduct

Unregistered Franchise Offer

4. In 2018, the Respondents were approached by two Washington residents ("the Residents"), who were interested in acquiring an existing Kiki Bakery location. Lin and Peng met and negotiated with the Residents regarding the store purchase over a series of meetings at the store location, at their home, and at the Respondent's lawyer's office. Respondents provided the Residents with several months of Profit and Loss statements for the store.

5. Respondent Lin told the Residents that the Respondents could offer them an arrangement in
which they could continue to use the Kiki Bakery name, receive training and support from the Respondents,
and purchase supplies through them at a lower price.

Respondents offered the Residents the opportunity to purchase the store and enter into a
 "franchise agreement" for \$10,000 plus an additional \$10,000 per year. Respondents also sold the Residents
 the store's equipment, supplies and inventory. Respondents provided the Residents with a franchise
 agreement which was signed by them on or about August 31, 2018. The franchise agreement had an
 effective date of September 1, 2018. The Residents paid Respondents a total of \$250,000 for their franchise
 agreement and store purchase.

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST

1	7. The Respondents provided the Residents a Franchise Agreement in which Pink Baking
2	granted the Residents a license to use their Proprietary Marks and "System" for the operation of a Kiki
3	Bakery.
4	8. The Respondents provided the Residents several months of training at another bakery owned
5	by the Respondents.
6	Registration
7	9. The Respondents are not currently registered and have not been registered to offer franchises
8	in the State of Washington.
9	Violations
10	10. The Respondents failed to disclose to the Residents all of the material facts relating to the
11	purchase of the franchise, including, but not limited to financial statements of Pink Baking.
12	Based upon the above Findings of Fact, the following Conclusions of Law are made:
13	CONCLUSIONS OF LAW
14	1. The offer the franchise described above constitute the offer and/or sale of a franchise as defined
15	in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).
16	2. The offer and sale of a franchise to operate a Kiki Bakery store as described in paragraphs
17	four through nine above constitutes the offer and/or sale of an unregistered franchise in violation of RCW
18	19.100.020.
19	3. The misrepresentation or omission of material facts regarding Pink Baking in paragraph ten
20	above is a violation of RCW 19.100.170.
21	Based upon the foregoing and finding it in the public interest:
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	ENTRY OF FINDINGS OF FACT AND DEPARTMENT OF FINANCIAL INSTITUTIONS

CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST

FINAL ORDER

IT IS HEREBY ORDERED that Respondents Pink Baking Co., Pin-Hsiu Lin, Ming Chang Peng, and their agents and employees, each shall cease and desist from violations of RCW 19.100.020.

IT IS HEREBY ORDERED that Respondents Pink Baking Co., Pin-Hsiu Lin, Ming Chang Peng,

and their agents and employees, each shall cease and desist from violations of RCW 19.100.170.

AUTHORITY AND PROCEDURE

This Final Order is entered pursuant to RCW 19.100.248 and is subject to the provisions of RCW 19.100.260 and Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for judicial review, see RCW 34.05.510 and sections following.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 6th day of August, 2021

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William M. Beatty Securities Administrator

Approved by:

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Suzanne Sarason Chief of Enforcement

Reviewed by:

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ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST Presented by:

Martin Condell

Martin Cordell Financial Legal Examiner

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