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:

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Order No. S-21-3087-21-CO03

CONSENT ORDER

Inkism International Co., LLC, d.b.a. Yi Fang Taiwan Fruit Tea;

Respondent

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Inkism International Co., LLC, d.b.a. Yi Fang Taiwan Fruit Tea, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Inkism International Co., LLC neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Inkism International Co., LLC ("Inkism LLC") is a California limited liability company formed on April 19, 2018 with its principal place of business in Burlingame, California. Inkism LLC also does business as Yi Fang Taiwan Fruit Tea and is in the business of offering single unit franchise and Master Franchise (subfranchise) agreements for Yi Fang Taiwan Fruit Tea franchise retail stores.

Related Entities

2. Inkism International Co., Ltd. ("Inkism Limited") is a Taiwan limited company (formerly named "DanYe International Co., Ltd.") that does business as Yi Fang Taiwan Fruit Tea. It is the parent entity of Inkism International Co., LLC. In 2018, Inkism Limited sold to YingfangWA, LLC, a Washington limited

CONSENT ORDER

liability company, a Yi Fang Taiwan Fruit Tea subfranchise and the right to open Yi Fang Taiwan Fruit Tea
 retail stores in Washington and Oregon. As a result, from 2018 to 2021, multiple Yi Fang Taiwan Fruit Tea
 franchised retail outlet or stores were sold and/or opened in Washington and Oregon.

Registration

3. On August 3, 2018, Inkism LLC filed with the Securities Division a franchise registration application to offer and sell unit franchises. Inkism LLC received approval to offer and sell Yi Fang Taiwan Fruit Tea unit franchises on October 17, 2018 and renewed its registration annually through May 28, 2021.

4. On April 2, 2021, Inkism LLC filed with the Securities Division a franchise registration renewal application to offer and sell unit franchises.

5. On April 19, 2021, Inkism LLC separately filed with the Securities Division a franchise registration application to offer and sell subfranchises. That application is currently in "pending" status.

Violations

6. Inkism LLC was required to file franchise registration applications with the Securities Division that included a Franchise Disclosure Document ("FDD") that was prepared in accordance with the North American Securities Administrators Association Franchise Registration and Disclosure Guidelines ("NASAA Guidelines"). The FDD is the document containing material information about the investment opportunity that Inkism LLC is required to provide a prospective franchisee prior to the sale of a franchise.

7. The disclosure in Item 20 of the FDDs filed by Inkism LLC with the Securities Division were
required to disclose material information about the franchisees and outlets substantially similar to those
offered by Inkism LLC., including the number of franchises sold, number and location of franchised and
company outlets or stores opened in the past three years, and contact information for franchisees.

8. In the FDDs filed with the Securities Division from 2018 through 2021, Inkism LLC stated
that Inkism Limited was its parent entity.

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- 9. In 2018, Inkism Limited sold YiFangwa, LLC a subfranchise with the right to offer and sell Yi Fang Taiwan Fruit Tea franchises in Washington and Oregon.
- 10. From 2018 through 2021, YiFangwa, LLC, sold at least eight Yi Fang Taiwan Fruit Tea franchise stores in Washington and Oregon.

11. In 2019 and 2020, Inkism LLC filed FDDs for its unit franchise applications with the Securities Division that failed to disclose material facts by not disclosing the Yi Fang Taiwan Fruit Tea franchised locations that had been sold in Washington and Oregon by Yifangwa LLC and should have been disclosed in the FDDs' Item 20. In 2019 and 2020, in the FDD filed with the Securities Division, Inkism LLC only disclosed two Yi Fang Taiwan Fruit Tea franchises that its parent corporation Inkism Limited sold to Yifangwa LLC.

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

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CONCLUSIONS OF LAW

The proposed offer or sale of Inkism LLC franchises and subfranchises described above 1. constitute the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and 14 RCW 19.100.010(17).

2. The misrepresentation or omission of material facts regarding the failure to disclose prior sales 16 of Yi Fang Taiwan Fruit Tea subfranchise and franchise rights made in the franchise registration application 17 of Inkism LLC as described in paragraphs three through eleven above is a violation of RCW 19.100.170. 18

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondent shall cease and desist from violations of RCW 19.100.170, the Violations section of the Franchise Investment Protection Act of the state of Washington.

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CONSENT ORDER

1	IT IS FURTHER AGREED that Respondent shall be liable for and shall pay investigative costs of
2	\$7,200 prior to the entry of this Consent Order.
3	IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.
4	IT IS FURTHER AGREED that the Respondent enters into this Consent Order freely and voluntarily
5	and with a full understanding of its terms and significance.
6	IT IS FURTHER AGREED that in consideration of the foregoing, Respondent waives its right to a
7	hearing and to judicial review of this matter
8	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
9	Signed this <u>2nd</u> day of <u>June</u> , 2022 by
10	/s/
11	Ko Tzu Kai, President,
12	for Inkism International Co. LLC
13	Signed and Entered this <u>13th</u> day of <u>July</u> , 2022 by:
14	Chill In to
15	pour s
16	William M. Beatty Securities Administrator
17	
18	Approved by:
19	Brian J. Guerard Martin Condell Martin Cordell
20	Chief of Enforcement Financial Legal Examiner
21	Reviewed by:
22	Huong Lam
23	Financial Legal Examiner Supervisor
	CONSENT ORDER DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division