

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

**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:

Friendship Holding LLC,

Respondent.

Order No. S-22-3483-23-FO01

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

THE STATE OF WASHINGTON TO:

Friendship Holding LLC

On May 15, 2023, the Securities Administrator of the state of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Order No. S-21-3483-23-FO01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondent Friendship Holding LLC on May 16, 2023. The Notice advised Respondent Friendship Holding LLC that the Application must be received within twenty days from the date of service. Respondent Friendship Holding LLC failed to request an administrative hearing within twenty days of service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondent Friendship Holding LLC to cease and desist from violations of the Franchise Investment Protection Act of Washington.

FINDINGS OF FACT

Respondent

1. Friendship Holding LLC (“Friendship Holding”) is a New York limited liability company formed on or around October 22, 2018, that maintains its principal place of business in Flushing, New York.

FINAL ORDER

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

1 Friendship Holding is in the business of selling restaurant franchises that operate under the Friendship Foods
2 trademark. These franchised restaurants specialize in Chinese-style barbecue (“BBQ”) meat and seafood.

3 **Nature of the Conduct**

4 *Overview*

5 2. On or around April 30, 2019, Friendship Holding sold an unregistered franchise to a
6 Washington corporation (the “Franchisee”). The Franchisee was granted the right to operate a Chinese-style
7 BBQ restaurant under the Friendship Foods trademark. Friendship Holding failed to provide the Franchisee
8 with a Franchise Disclosure Document (“FDD”).

9 *Friendship Holding Grants the Franchisee the Right to Use Its Trademark*

10 3. On or around April 30, 2019, Friendship Holding and the Franchisee entered into a Trademark
11 License Agreement (the “Agreement”).

12 4. As part of the Agreement, Friendship Holding granted the Franchisee the non-exclusive license
13 to use the Friendship Foods trademark (the “Trademark”). Friendship Holding registered the Trademark with
14 the United States Patent and Trademark Office on June 5, 2018.

15 5. The Agreement grants the Franchisee the right to use Trademark in a specific geographic area:
16 Seattle, Washington.

17 *Friendship Holding Provides a Marketing Plan to the Franchisee*

18 6. The Agreement also grants the Franchisee the right to sell food while using the Trademark.
19 This right to sell food, however, is subject to a number of conditions.

20 7. According to the Agreement, the Franchisee must use the menu provided to it by Friendship
21 Holding. The Franchisee is strictly limited to selling items on the menu. In preparing the items on the menu,
22 the Franchisee must only use food materials recommended by Friendship Holding. Additionally, the
23

1 Franchisee must use the sauce provided to it by Friendship Holding. If the Franchisee wishes to make any
2 changes to the menu, it must first obtain written approval from Friendship Holding.

3 8. According to the Agreement, Friendship Holding must also approve any signs, sales materials,
4 or advertising materials used by the Franchisee that bear the Trademark. Prior to using any of these materials,
5 the Franchisee is obligated to send to Friendship Holding a photograph or copy of the materials.

6 9. In addition to granting the Franchisee the right to sell food, Friendship Holding agrees to
7 provide certain services to the Franchisee as part of the Agreement. These services include skill training,
8 instruction, and technical consultation.

9 10. In or around 2019, Friendship Holding provided the Franchisee with training on how to prepare
10 menu items. Friendship Holding also trained the Franchisee on “front-of-the-house” procedures, including
11 how to interact with customers and take orders.

12 *Friendship Holding Requires the Franchisee to Pay a Fee*

13 11. In the Agreement, the Franchisee agrees to pay Friendship Holding a “licensing fee” of 3% of
14 monthly gross sales, plus a “management fee” of \$60,000, which is due at the time of the signing of the
15 contract.

16 *Friendship Holding Failed to Provide the Franchisee with a Franchise Disclosure Document*

17 12. Friendship Holding failed to provide the Franchisee with a Franchise Disclosure Document
18 (“FDD”) at least fourteen days before the execution of the Agreement.

19 13. By failing to provide an FDD to the Franchisee, Friendship Holding failed to provide the
20 Franchisee with material information about its business, including information related to the financial
21 condition of the company.

22 **Registration Status**

1 14. Friendship Holding is not currently registered to sell franchises in the state of Washington and
2 has not previously been so registered.

3 15. Friendship Holding has not filed notice of exemption from registration with the Securities
4 Administrator.

5
6 Based upon the above Findings of Fact, the following Conclusions of Law are made:

7 **CONCLUSIONS OF LAW**

8 1. The licensing agreement between Friendship Holding LLC and the Franchisee described above
9 constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and
10 RCW 19.100.010(17).

11 2. Friendship Holding LLC violated RCW 19.100.020, the franchise registration section of the
12 Franchise Investment Protection Act, by offering and/or selling a franchise for which no registration or
13 exemption is on file with the Securities Administrator.

14 3. Friendship Holding LLC violated RCW 19.100.080, the disclosure document requirement
15 section of the Franchise Investment Protection Act, by selling a franchise without providing the prospective
16 franchisee with a current disclosure document at least fourteen calendar days prior to the sale of the franchise.

17 **FINAL ORDER**

18 IT IS HEREBY ORDERED that Respondent Friendship Holding LLC, and its agents and employees,
19 shall cease and desist from violations of RCW 19.100.020.

20 IT IS HEREBY ORDERED that Respondent Friendship Holding LLC, and its agents and employees,
21 shall cease and desist from violations of RCW 19.100.080.

22
23

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. Respondent has 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 of judicial review, see RCW 34.05.510 and sections following.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 21st day of June, 2023.



/s/

William M. Beatty
Securities Administrator

Approved by:

Presented by:

/s/

/s/

Brian Guerard
Chief of Enforcement

Brett Werenski
Financial Legal Examiner

Reviewed by:

/s/

Holly Mack-Kretzler
Financial Legal Examiner Supervisor