STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

In the Matter of:	)	Case No. SEB20210054
	)	
TEAPRESSO BAR LLC,	)	PRELIMINARY ORDER TO CEASE
	)	AND DESIST; NOTICE OF RIGHT TO
Respondent.	)	REQUEST A HEARING
	)	
	)	

PRELIMINARY ORDER TO CEASE AND DESIST

I. STATEMENT OF APPLICABLE STATUTORY LAW

Pursuant to the authority granted by Chapter 482E of the Hawaii Revised Statutes ("HRS"), otherwise known as Hawaii's Franchise Investment Law (hereinafter the "Franchise Law"), the rules adopted and the orders issued thereunder, and other applicable authority, the Commissioner of Securities of the State of Hawaii ("Commissioner"), by and through the Securities Enforcement Branch of the Department of Commerce and Consumer Affairs for the State of Hawaii, conducted an investigation into the actives of Respondent TEAPRESSO BAR LLC ("Respondent") to determine whether Respondent has engaged in or is about to engage in any act or practice constituting a violation of the Franchise Law or any rule adopted or order issued thereunder.

Based upon the information revealed during the investigation, and as more fully set forth below, the Commissioner has reasonable cause to believe that Respondent violated the Franchise Law.

THEREFORE, the Commissioner has determined that it is necessary and appropriate in the public interest and for the protection of franchisees to issue this Preliminary Order to Cease and Desist ("Preliminary Order").

II. STATEMENT OF JURISDICTION

The Commissioner has jurisdiction under the Franchise Law because this matter involves a "franchise" as defined in HRS § 482E-2, *to wit*, Respondent sold multiple unregistered franchises in the state of Hawaii.

III. PRELIMINARY FINDINGS OF FACT

A. Respondent

1. Respondent is a limited liability company formed in Hawaii on December 7, 2015, and its sole member is Thanh Nguyen (also known as "Steve" Nguyen).

2. Teapresso Bar restaurants are food and beverage establishments that specialize in coffee and boba tea.

B. The Franchisees

1. Franchisee A is and was a Hawaii corporation at all times relevant herein.

2. Franchisee B is and was a Hawaii limited liability company at all times relevant herein.

3. Franchisee C is and was a Hawaii limited liability company at all times relevant herein.

4. Franchisee D was a Hawaii limited liability company at all times relevant herein.

5. Franchisee E is and was a Hawaii limited liability company at all times relevant herein.

6. Franchisee F is and was a Hawaii corporation at all times relevant herein.

7. Franchisee G was a Hawaii limited liability company at all times relevant herein.

8. Franchisee H is and was a Hawaii limited liability company at all times relevant herein.

9. Franchisee I is and was a Hawaii limited liability company at all times relevant herein.

10. Franchisee J is and was a Hawaii limited liability company at all times relevant herein.

11. Franchisee K is and was a Hawaii limited liability company at all times relevant herein.

12. Franchisee L was a Hawaii limited liability company at all times relevant herein.

13. Franchisee M is and was a Hawaii limited liability company at all times relevant herein.

14. Franchisee N is and was a Hawaii limited liability company at all times relevant herein.

C. Respondent's Sale of 26 Franchises in Hawaii

1. Franchise No. 1

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into an expressed, written agreement ("Franchise No. 1 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 1").

c. Pursuant to the Franchise No. 1 Agreement, Franchisee A was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and

in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 1 location.

d. A continuing financial interest in the operation of Franchise No. 1 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 1 did Respondent present an offering circular, more commonly known and referred to hereinafter as a Franchise Disclosure Document ("FDD"), to Franchisee A or file a copy of an FDD with the Commissioner.

2. Franchise No. 2

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on July 13, 2017, Franchisee A exercised its right to open a second Teapresso Bar franchise location in Hawaii ("Franchise No. 2") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 2 location.

d. A continuing financial interest in the operation of Franchise No. 2 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 2 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

3. Franchise No. 3

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on September 14, 2017, Franchisee A exercised its right to open a third Teapresso Bar franchise location in Hawaii ("Franchise No. 3") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 3 location.

d. A continuing financial interest in the operation of Franchise No. 3 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 3 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

4. Franchise No. 4

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on October 16, 2017, Franchisee A exercised its right to open a fourth Teapresso Bar franchise location in Hawaii ("Franchise No. 4") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 4 location.

d. A continuing financial interest in the operation of Franchise No. 4 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 4 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

5. Franchise No. 5

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on January 2, 2018, Franchisee A exercised its right to open a fifth Teapresso Bar franchise location in Hawaii ("Franchise No. 5") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 5 location.

d. A continuing financial interest in the operation of Franchise No. 5 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 5 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

6. Franchise No. 6

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on February 15, 2018, Franchisee A exercised its right to open a sixth Teapresso Bar franchise location in Hawaii

("Franchise No. 6") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 6 location.

d. A continuing financial interest in the operation of Franchise No. 6 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 6 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

7. Franchise No. 7

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on February 21, 2019, Franchisee A exercised its right to open a seventh Teapresso Bar franchise location in Hawaii ("Franchise No. 7") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 7 location.

d. A continuing financial interest in the operation of Franchise No. 7 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on

Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 7 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

8. Franchise No. 8

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee A.

b. On or about December 13, 2016, Franchisee A agreed and entered into the Franchise No. 1 Agreement with Respondent for the purchase of a Teapresso Bar franchise.

c. Pursuant to the Franchise No. 1 Agreement, on January 16, 2020, Franchisee A exercised its right to open an eighth Teapresso Bar franchise location in Hawaii ("Franchise No. 8") and paid Respondent a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee A was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 8 location.

d. A continuing financial interest in the operation of Franchise No. 8 existed where Respondent received a share of Franchisee A's revenue through an 8% royalty on Franchisee A's sales of Teapresso Bar products, and Franchisee A's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 8 did Respondent present an FDD to Franchisee A or file a copy of an FDD with the Commissioner.

9. Franchise No. 9

a. In or around 2016, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee B.

b. On or about January 1, 2017, Franchisee B agreed and entered into an expressed, written agreement ("Franchise No. 9 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 9").

c. Pursuant to the Franchise No. 9 Agreement, Franchisee B was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and in exchange, Franchisee B was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 9 location.

d. A continuing financial interest in the operation of Franchise No. 9 existed where Respondent received a share of Franchisee B's revenue through a 5% royalty on Franchisee B's sales of Teapresso Bar products, and Franchisee B's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 9 did Respondent present an FDD to Franchisee B or file a copy of an FDD with the Commissioner.

10. Franchise No. 10

a. In or around 2018, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee B.

b. On or about January 1, 2019, Franchisee B agreed and entered into an expressed, written agreement ("Franchise No. 10 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 10").

c. Pursuant to the Franchise No. 10 Agreement, Franchisee B was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and in exchange, Franchisee B was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 10 location.

d. A continuing financial interest in the operation of Franchise No. 10 existed where Respondent received a share of Franchisee B's revenue through a 5% royalty on Franchisee B's sales of Teapresso Bar products, and Franchisee B's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 10 did Respondent present an FDD to Franchisee B or file a copy of an FDD with the Commissioner.

11. Franchise No. 11

a. In or around 2017, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee C.

b. On or about July 1, 2017, Franchisee C agreed and entered into an expressed, written agreement ("Franchise No. 11 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 11").

c. Pursuant to the Franchise No. 11 Agreement, Franchisee C was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and in exchange, Franchisee C was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 11 location.

d. A continuing financial interest in the operation of Franchise No. 11 existed where Respondent received a share of Franchisee C's revenue through a 5% royalty on

Franchisee C's sales of Teapresso Bar products, and Franchisee C's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 11 did Respondent present an FDD to Franchisee C or file a copy of an FDD with the Commissioner.

12. Franchise No. 12

a. In or around 2017, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee D.

b. On or about January 7, 2018, Franchisee D agreed and entered into an expressed, written agreement ("Franchise No. 12 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 12").

c. Pursuant to the Franchise No. 12 Agreement, Franchisee D was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and in exchange, Franchisee D was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 12 location.

d. A continuing financial interest in the operation of Franchise No. 12 existed where Respondent received a share of Franchisee D's revenue through a 6% royalty on Franchisee D's sales of Teapresso Bar products, and Franchisee D's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 12 did Respondent present an FDD to Franchisee D or file a copy of an FDD with the Commissioner.

13. Franchise No. 13

a. In or around 2018, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee E.

b. On or about December 17, 2018, Franchisee E agreed and entered into an expressed, written agreement ("Franchise No. 13 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 13").

c. Pursuant to the Franchise No. 13 Agreement, Franchisee E was required to pay a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee E was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 13 location.

d. A continuing financial interest in the operation of Franchise No. 13 existed where Respondent received a share of Franchisee E's revenue through a 3% royalty on Franchisee E's sales of Teapresso Bar products, and Franchisee E's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 13 did Respondent present an FDD to Franchisee E or file a copy of an FDD with the Commissioner.

14. Franchise No. 14

a. In or around 2018, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee F.

b. On or about January 1, 2019, Franchisee F agreed and entered into an expressed, written agreement ("Franchise No. 14 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 14").

c. Pursuant to the Franchise No. 14 Agreement, Franchisee F was required to pay a franchise fee in the form of monthly royalties equal to 10% of Franchisee F's Teapresso Bar product sales, and in exchange, Franchisee F was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 14 location.

d. A continuing financial interest in the operation of Franchise No. 14 existed where Respondent received a share of Franchisee F's revenue through a 10% royalty on Franchisee F's sales of Teapresso Bar products, and Franchisee F's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 14 did Respondent present an FDD to Franchisee F or file a copy of an FDD with the Commissioner.

15. Franchise No. 15

a. In or around 2018, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee F.

b. On or about January 15, 2019, Franchisee F agreed and entered into an expressed, written agreement ("Franchise No. 15 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 15").

c. Pursuant to the Franchise No. 15 Agreement, Franchisee F was required to pay a franchise fee in the form of monthly royalties equal to 8% of Franchisee F's Teapresso Bar product sales, and in exchange, Franchisee F was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 15 location.

d. A continuing financial interest in the operation of Franchise No. 15 existed where Respondent received a share of Franchisee F's revenue through an 8% royalty on Franchisee F's sales of Teapresso Bar products, and Franchisee F's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 15 did Respondent present an FDD to Franchisee F or file a copy of an FDD with the Commissioner.

16. Franchise No. 16

a. In or around 2019, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee G.

b. On or about August 11, 2019, Franchisee G agreed and entered into an expressed, written agreement ("Franchise No. 16 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 16").

c. Pursuant to the Franchise No. 16 Agreement, Franchisee G was required to pay a franchise fee in the form of an initial capital investment fee of $30,000.00, and in exchange, Franchisee G was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 16 location.

d. A continuing financial interest in the operation of Franchise No. 16 existed where Respondent received a share of Franchisee G's revenue through a 3% royalty on Franchisee G's sales of Teapresso Bar products, and Franchisee G's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 16 did Respondent present an FDD to Franchisee G or file a copy of an FDD with the Commissioner.

17. Franchise No. 17

a. In or around 2019, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee H.

b. On or about October 3, 2019, Franchisee H agreed and entered into an expressed, written agreement ("Franchise No. 17 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 17").

c. Pursuant to the Franchise No. 17 Agreement, Franchisee H was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and in exchange, Franchisee H was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 17 location.

d. A continuing financial interest in the operation of Franchise No. 17 existed where Respondent received a share of Franchisee H's revenue through a 5% royalty on Franchisee H's sales of Teapresso Bar products, and Franchisee H's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 17 did Respondent present an FDD to Franchisee H or file a copy of an FDD with the Commissioner.

18. Franchise No. 18

a. In or around 2020, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee H.

b. On or about May 11, 2020, Franchisee H agreed and entered into an expressed, written agreement ("Franchise No. 18 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 18").

c. Pursuant to the Franchise No. 18 Agreement, Franchisee H was required to pay a franchise fee in the form of an initial capital investment fee of $20,000.00, and in exchange, Franchisee H was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 18 location.

d. A continuing financial interest in the operation of Franchise No. 18 existed where Respondent received a share of Franchisee H's revenue through a 5% royalty on Franchisee H's sales of Teapresso Bar products, and Franchisee H's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 18 did Respondent present an FDD to Franchisee H or file a copy of an FDD with the Commissioner.

19. Franchise No. 19

a. In or around 2020, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee I.

b. On or about March 12, 2020, Franchisee I agreed and entered into an expressed, written agreement ("Franchise No. 19 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 19").

c. Pursuant to the Franchise No. 19 Agreement, Franchisee I was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and

in exchange, Franchisee I was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 19 location.

d. A continuing financial interest in the operation of Franchise No. 19 existed where Respondent received a share of Franchisee I's revenue through a 5% royalty on Franchisee I's sales of Teapresso Bar products, and Franchisee I's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 19 did Respondent present an FDD to Franchisee I or file a copy of an FDD with the Commissioner.

20. Franchise No. 20

a. In or around 2020, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee J.

b. On or about July 31, 2020, Franchisee J agreed and entered into an expressed, written agreement ("Franchise No. 20 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 20").

c. Pursuant to the Franchise No. 20 Agreement, Franchisee J was required to pay a franchise fee in the form of an initial capital investment fee of $25,000.00, and in exchange, Franchisee J was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 20 location.

d. A continuing financial interest in the operation of Franchise No. 20 existed where Respondent received a share of Franchisee J's revenue through a 4% royalty on Franchisee J's sales of Teapresso Bar products, and Franchisee J's ability to generate that revenue

depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 20 did Respondent present an FDD to Franchisee J or file a copy of an FDD with the Commissioner.

21. Franchise No. 21

a. In or around 2020, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee J.

b. On or about December 1, 2020, Franchisee J agreed and entered into an expressed, written agreement ("Franchise No. 21 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 21").

c. Pursuant to the Franchise No. 21 Agreement, Franchisee J was required to pay a franchise fee in the form of an initial capital investment fee of $10,000.00, and in exchange, Franchisee J was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 21 location.

d. A continuing financial interest in the operation of Franchise No. 21 existed where Respondent received a share of Franchisee J's revenue through a 3% royalty on Franchisee J's sales of Teapresso Bar products, and Franchisee J's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 21 did Respondent present an FDD to Franchisee J or file a copy of an FDD with the Commissioner.

22. Franchise No. 22

a. In or around 2020, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee K.

b. On or about September 5, 2020, Franchisee K agreed and entered into an expressed, written agreement ("Franchise No. 22 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 22").

c. Pursuant to the Franchise No. 22 Agreement, Franchisee K was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and in exchange, Franchisee K was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 22 location.

d. A continuing financial interest in the operation of Franchise No. 22 existed where Respondent received a share of Franchisee K's revenue through a 6% royalty on Franchisee K's sales of Teapresso Bar products, and Franchisee K's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 22 did Respondent present an FDD to Franchisee K or file a copy of an FDD with the Commissioner.

23. Franchise No. 23

a. In or around 2021, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee L.

b. On or about February 10, 2021, Franchisee L agreed and entered into an expressed, written agreement ("Franchise No. 23 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 23").

c. Pursuant to the Franchise No. 23 Agreement, Franchisee L was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and in exchange, Franchisee L was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 23 location.

d. A continuing financial interest in the operation of Franchise No. 23 existed where Respondent received a share of Franchisee L's revenue through a 6% royalty on Franchisee L's sales of Teapresso Bar products, and Franchisee L's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 23 did Respondent present an FDD to Franchisee L or file a copy of an FDD with the Commissioner.

24. Franchise No. 24

a. In or around 2021, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee L.

b. On or about June 6, 2021, Franchisee L agreed and entered into an expressed, written agreement ("Franchise No. 24 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 24").

c. Pursuant to the Franchise No. 24 Agreement, Franchisee L was required to pay a franchise fee in the form of an initial capital investment fee of $25,000.00, and in exchange, Franchisee L was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 24 location.

d. A continuing financial interest in the operation of Franchise No. 24 existed where Respondent received a share of Franchisee L's revenue through a 4% royalty on

Franchisee L's sales of Teapresso Bar products, and Franchisee L's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 24 did Respondent present an FDD to Franchisee L or file a copy of an FDD with the Commissioner.

25. Franchise No. 25

a. In or around 2021, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee M.

b. On or about March 23, 2021, Franchisee M agreed and entered into an expressed, written agreement ("Franchise No. 25 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 25").

c. Pursuant to the Franchise No. 25 Agreement, Franchisee M was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and in exchange, Franchisee M was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 25 location.

d. A continuing financial interest in the operation of Franchise No. 25 existed where Respondent received a share of Franchisee M's revenue through a 5% royalty on Franchisee M's sales of Teapresso Bar products, and Franchisee M's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 25 did Respondent present an FDD to Franchisee M or file a copy of an FDD with the Commissioner.

26. Franchise No. 26

a. In or around 2021, Respondent offered to sell a Teapresso Bar restaurant franchise to Franchisee N.

b. On or about July 28, 2021, Franchisee N agreed and entered into an expressed, written agreement ("Franchise No. 26 Agreement") with Respondent for the purchase of a Hawaii Teapresso Bar franchise ("Franchise No. 26").

c. Pursuant to the Franchise No. 26 Agreement, Franchisee N was required to pay a franchise fee in the form of an initial capital investment fee of $50,000.00, and in exchange, Franchisee N was granted a license to use the Teapresso Bar name, logo, trade dress, and related characteristics at its Franchise No. 26 location.

d. A continuing financial interest in the operation of Franchise No. 26 existed where Respondent received a share of Franchisee N's revenue through a 5% royalty on Franchisee N's sales of Teapresso Bar products, and Franchisee N's ability to generate that revenue depended entirely on the value of Respondent's licensed trademark and the public goodwill of Respondent's brand.

e. At no time prior to the sale of Franchise No. 26 did Respondent present an FDD to Franchisee N or file a copy of an FDD with the Commissioner.

IV. PRELIMINARY CONCLUSIONS OF LAW

A. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

B. The above-described agreements (i.e., Franchise Nos. 1 through 26) meet the definition of a "franchise" as that term is defined in HRS § 482E-2, where:

1. An oral or written agreement was entered into between Respondent and each franchisee;

2. Each franchisee was granted the right to use the Teapresso Bar name, logo, trade dress, and related characteristics in Hawaii;

3. The ongoing relationship as between Respondent and each franchisee demonstrated that they shared a continuing financial interest in the successful operation of their respective franchise businesses, evidencing a "community interest" in the business of offering, selling, or distributing goods or services at wholesale or retail; and

4. Each franchisee was required to pay a franchise fee to Respondent as a condition of obtaining the franchise or continuing the right to operate the franchise.

C. Pursuant to HRS § 482E-3(a), it is unlawful for any person to sell a franchise in Hawaii unless at least seven days prior to the sale of the franchise, such person has presented an FDD to the prospective franchisee or the franchisee's representative.

D. With respect to each franchise sold (i.e., Franchise Nos. 1 through 26), Respondent failed to present an FDD to the franchisee or the franchisee's representative at least seven days prior to the sale, thereby committing a total of 26 violations of HRS § 482E-3(a).

E. Pursuant to HRS § 482E-3(c), a copy of the FDD required under HRS § 482E-3(a) shall be filed with the Commissioner at least seven days prior to the sale of a franchise.

F. With respect to each franchise sold (i.e., Franchise Nos. 1 through 26), Respondent failed to file a copy of the FDD required under HRS § 482E-3(a) with the Commissioner at least seven days prior to the sale, thereby committing a total of 26 violations of HRS § 482E-3(c).

V. PRELIMINARY ORDER TO CEASE AND DESIST

NOW THEREFORE, pursuant to the Franchise Law, based on the foregoing Preliminary Findings of Fact and Preliminary Conclusions of Law, and because it appears that Respondent may engage in further acts or practices in violation of the Franchise Law, and because it is found that this action is necessary and appropriate, in the public interest and, for the protection of franchisees and prospective franchisees,

IT IS HEREBY ORDERED that:

1. Respondent shall CEASE AND DESIST from making any offer to sell, solicitation to purchase, sale of, and/or transfer of the above-described franchise, or any other franchise, within the state of Hawaii;

2. Within thirty (30) days from the date of the Final Order, Respondent shall pay a PENALTY in the amount of ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00), to the State of Hawaii, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Enforcement Branch for violations of the Franchise Law described above. The penalty payment shall be made by an ACH transfer or wire transfer, or by a cashier's check, certified check, or money order, made payable to the "Department of Commerce and Consumer Affairs-Compliance Resolution Fund," and unless made by ACH transfer or wire transfer, shall either be: (1) mailed to State of Hawaii, Department of Commerce and Consumer Affairs, Securities Enforcement Branch, P.O. Box 40, Honolulu, Hawaii, 96810, or (2) delivered to State of Hawaii, Department of Commerce and Consumer Affairs, Securities Enforcement Branch, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813;

3. This Preliminary Order shall not preclude or prevent in any way the imposition of any sanctions or other action against Respondent for future violations of the Franchise Law or any successor statute.

DATED: Honolulu, Hawaii 10/14/2025.

TYW. NOHARA
Commissioner of Securities
Department of Commerce and Consumer Affairs
STATE OF HAWAII

STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

In the Matter of:	)	Case No. SEB20210054
	)	
TEAPRESSO BAR LLC,	)	NOTICE OF RIGHT TO REQUEST A HEARING
	)	
Respondent.	)	
	)	
	)	

NOTICE OF RIGHT TO REQUEST A HEARING

TO: TEAPRESSO BAR LLC
380 Kuliouou Road
Honolulu, Hawaii 96821

Respondent

YOU ARE HEREBY NOTIFIED that, pursuant to HRS § 482E-10.7, you may request a hearing on this matter within thirty (30) days of the date of service of this Preliminary Order. Your request must be in writing and addressed to the Office of Administrative Hearings ("OAH"), as follows:

Department of Commerce and Consumer Affairs
Attn: Office of Administrative Hearings
P.O. Box 541
Honolulu, Hawaii 96809

A copy of your written request for a hearing must be simultaneously served upon the Securities Enforcement Branch as follows:

Department of Commerce and Consumer Affairs
Attn: Securities Enforcement Branch
P.O. Box 40
Honolulu, Hawaii 96810

If a hearing is requested, it shall be scheduled within fifteen (15) business days after your written request has been received by OAH, unless extended by the Commissioner for good cause.

If no written request for a hearing is received by the OAH within thirty (30) days after the date of service of this Preliminary Order, and none is ordered by the Commissioner, this Preliminary Order shall remain in effect unless and until modified or vacated by the Commissioner or until a Final Order becomes effective.

YOU ARE HEREBY FURTHER NOTIFIED that, pursuant to § 16-201-23 of the Hawaii Administrative Rules for Administrative Practice and Procedure ("HARAPP"), you may, within ten (10) days after receiving a Final Order, move the Commissioner to reconsider the Final Order. Your motion shall be filed with the Commissioner and shall state specifically what points of law or facts the Commissioner has overlooked or misunderstood, together with brief arguments on the points raised.

Additionally, pursuant to HARAPP § 16-201-24, as applicable, you may file an appeal with the Circuit Court of the First Circuit of the State of Hawaii in the manner provided in HRS Chapter 91.

You have the right to retain legal counsel, at your own expense, for all stages of these proceedings.