

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

Tiger Sugar International Co., Ltd.,

Respondent.

Case No. 2020-0127

* * * * *

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an investigation into the franchise-related activities of Tiger Sugar International Co., Ltd., (“Tiger Sugar”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG. §§14-201 et seq. (2015 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Securities Commissioner”) has concluded that grounds exist to allege that Tiger Sugar violated the registration and disclosure provisions of the Maryland Franchise Law in relation to a Cooperation Agreement to distribute products to a Maryland store offering teas, bubble teas, coffee and juice using the name Tiger Sugar (“Tiger Sugar Store”); and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without Tiger Sugar admitting or denying any violation of law, the Securities Commissioner and Tiger Sugar have reached an agreement to enter into this Consent Order; and

WHEREAS, Tiger Sugar waives its rights to a hearing and any rights to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, it is hereby agreed, and the Securities Commissioner hereby orders:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 14-210 (a) of the Maryland Franchise Law.

II. FINDINGS OF FACT

2. Tiger Sugar is an International limited liability company incorporated in the Independent State of Samoa on April 30, 2018.

3. Tiger Sugar's principal place of business is located at 5F.-2, No. 14, Dajin St., Nantun Dist., Taichung City 40878 TAIWAN.

4. Tiger Sugar is the licensor of franchise rights to its affiliate, Tiger Sugar Franchise USA, Inc. ("Tiger Sugar Franchise"), a New York corporation that promotes and sells franchises in the United States for Tiger Sugar Stores.

5. On May 27, 2020, Tiger Sugar Franchise filed an initial application with the Maryland Securities Division ("Securities Division") to register the Tiger Sugar franchise offering under the Maryland Franchise Law.

6. In July and September 2020, respectively, the Securities Division reviewed Tiger Sugar Franchise's registration application and notified the franchisor of deficiencies in its Franchise Disclosure Document that must be corrected before the Securities Division would

register the Tiger Sugar franchise offering in Maryland.

7. In October 2020, the Securities Division received information that a Tiger Sugar Store had opened in Ellicott City, Maryland.

8. The Securities Division sought information from Tiger Sugar Franchise about the Ellicott City, Maryland location and, in response, Tiger Sugar stated that in May 2020, Tiger Sugar had entered into a “Cooperation Agreement” with Tiger Sugar Partners, LLC (“TSP”), a Maryland limited liability company, granting TSP the right to distribute Tiger Sugar products in Ellicott City, Maryland and use the Tiger Sugar name and intellectual property in the operation of a Tiger Sugar Store.

9. At approximately the same time Tiger Sugar entered into the Cooperation Agreement with TSP, Tiger Sugar agreed to provide a Layout Design to TSP for a Tiger Sugar store for a layout design fee of \$15,000.

10. TSP purchased products and equipment from a Tiger Sugar affiliate, Redbubble, Limited, to set up and operate a Tiger Sugar Store. The total price that TSP paid Tiger Sugar, or its affiliate, for products and equipment, including shipping, sanitizing, and handling, was \$71,571.61.

11. Tiger Sugar represents that, prior to entering into the Cooperation Agreement, TSP members worked with Tiger Sugar to set up stores in other states, and that TSP members approached Tiger Sugar with a request to set up a Tiger Sugar Store in Maryland.

12. Tiger Sugar also represents that it relied on its transactional attorney’s advice that Tiger Sugar could enter into the Cooperation Agreement with TSP without violating the Maryland Franchise Law.

13. As of the date of this Consent Order, neither Tiger Sugar nor Tiger Sugar

Franchise is registered with the Securities Division to offer franchises under the Maryland Franchise Law.

14. Tiger Sugar acknowledges that it did not provide to TSP copies of a Franchise Disclosure Document (“FDD”).

15. Tiger Sugar represents that, other than the Cooperation Agreement it entered into with TSP, Tiger Sugar has not entered into any cooperation agreements, franchise agreements, license agreements or similar agreements with any Maryland residents or with any other residents granting them the right to operate a Tiger Sugar Store to be located in whole or in part in Maryland.

16. Tiger Sugar represents that it has engaged an attorney experienced with franchise law to ensure that, in the future, Tiger Sugar will comply with the requirements under the Maryland Franchise Law.

17. Tiger Sugar further represents and agrees that, in the future, it will comply with all provisions under the Maryland Franchise Law.

III. CONCLUSIONS OF LAW

18. By engaging in the above activities, the Securities Commissioner has concluded that Tiger Sugar violated §§14-214, 14-216, and 14-223 of the Maryland Franchise Law.

IV. ORDER AND CONSENT

19. THE SECURITIES COMMISSIONER HEREBY ORDERS AND TIGER SUGAR HEREBY CONSENTS AND REPRESENTS AS FOLLOWS:

- A. Tiger Sugar shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Within ten (10) days of its receipt of a fully executed Consent Order of the Securities Commissioner, Tiger Sugar shall send by Federal Express to TSP the following: (i) a copy of the executed Consent Order; and (ii) a letter, in substantially the form attached to this Consent Order as Exhibit 1, informing TSP

that it is being offered an opportunity to rescind its Cooperation Agreement with Tiger Sugar under the terms of this Consent Order;

- C. Tiger Sugar shall diligently pursue its pending application to register the Tiger Sugar Franchise offering under the Maryland Franchise Law. For purposes of this Agreement, “diligently pursue” means that an applicant submits a substantive response to each Securities Division comment letter regarding a registration application no later than 30 days after the applicant’s receipt of that comment letter;
- D. Upon notification by the Securities Division that Tiger Sugar’s franchise offering has been registered for use in Maryland, Tiger Sugar shall send to TSP, if it has not previously rescinded its Cooperation Agreement, the following: (i) a copy of Tiger Sugar’s applicable, effectively registered Maryland FDD; and (ii) a letter, in substantially the form attached to this letter as Exhibit 2, notifying TSP that it is being given a second opportunity to rescind its Cooperation Agreement with Tiger Sugar, and that it may but has no obligation to enter into a franchise agreement with Tiger Sugar Franchise;
- E. The Securities Commissioner has determined that Tiger Sugar’s offer to rescind TSP’s Cooperation Agreement for the limited purposes described in this Consent Order is exempt from the registration provisions of the Maryland Franchise Law;
- F. Tiger Sugar and Tiger Sugar Franchise acknowledge that this Consent Order is a disclosable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

V. JURISDICTION RETAINED

20. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

21. If Tiger Sugar fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against it to enforce this Consent Order or to sanction it for violating an order of the Securities Commissioner and may take any other action authorized under the Maryland Franchise Law or any other applicable law. In any

such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or a court finds that Tiger Sugar has violated this Consent Order, the Statement of Facts and the violations of the Maryland Franchise Law alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against it.

VII. MODIFICATION OF CONSENT ORDER

22. The terms of this Consent Order may be modified only by a subsequent order issued by the Securities Commissioner.

SO ORDERED:

**Commissioner's Signature on File
w/Original Documents**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

February 10, 2021

BY CONSENT:

Tiger Sugar International Co, Ltd.

By:

Tiger Sugar Franchise USA, Inc.

By:

FORM
(On Company Letterhead)

Via Federal Express

Re: Notice of Rescission Rights

Dear _____:

In accordance with discussions our attorneys have had with the Division of Securities of the Maryland Attorney General's Office (the "Securities Division"), [Insert Name of Company] ("we") have agreed to offer rescission to you of your Cooperation Agreement. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind your Cooperation Agreement, we agree to return to you the Layout Design fee you paid us for your Tiger Sugar Store. We also agree to refund you the price you paid us or our affiliates for any Tiger Sugar branded products and equipment that you purchased from us that are in resaleable condition that you return to us, at our expense. You will give up any rights to use our trademarks, and you may not use or disclose any of our trade secrets and any of our confidential and proprietary information. If you rescind, we will refund your Layout Design fee within thirty (30) days after we receive your Acceptance of Offer to Rescind, and we will arrange for you to return products and equipment that are in resaleable condition, for which we will refund you after we receive them.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period.

If you do not rescind your Cooperation Agreement now, you will be given a second opportunity to rescind your Cooperation Agreement, after we have completed the franchise registration process. When that registration is complete, we will send you a copy of a registered Franchise Disclosure Document and a new letter offering to rescind your Cooperation Agreement under the same terms outlined in this letter.

If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

Exhibit 1

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND COOPERATION AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Rescission Rights and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document or my right to accept a subsequent rescission offer at a later time.

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks and to not use or disclose to anyone the trade secrets and confidential and proprietary information that we obtained from you. Please contact me to arrange for the return of fees and my refund of materials and equipment.

_____ **I do not wish to accept your offer of rescission at this time.** I understand that I will be given a second opportunity to rescind my Cooperation Agreement once the franchisor has effectively registered its franchise offering with the Securities Division under the Maryland Franchise Law.

Date: _____

Licensee

FORM
(On Company Letterhead)

Via Federal Express

Re: **[Company] Offer to Rescind License Agreement**

Dear _____:

As you recall, [Insert Name of Company] ("we") have agreed to offer rescission to you of your Cooperation Agreement. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible. Now that we have completed the registration of our franchise offering, we are giving you this second opportunity to rescind your Cooperation Agreement. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind your Cooperation Agreement, we agree to return to you the Layout Design fee you paid us for your Tiger Sugar Store. We also agree to refund you the price you paid us or our affiliates for any Tiger Sugar branded products and equipment that you purchased from us that are in resaleable condition that you return to us, at our expense. You will give up any rights to use our trademarks, and you may not use or disclose any of our trade secrets and any of our confidential and proprietary information. If you rescind, we will refund your Layout Design fee within thirty (30) days after we receive your Acceptance of Offer to Rescind, and we will arrange for you to return products and equipment that are in resaleable condition, for which we will refund you after we receive them.

Our affiliate's offer of a franchise to you is separate from this offer to rescind your Cooperation Agreement, but a copy of our affiliate's Franchise Disclosure Document is enclosed, for your information.

This offer will remain open for thirty (30) days from the date you receive this letter.

Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

cc: Franchise Disclosure Document

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND COOPERATION AGREEMENT

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind Cooperation Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my Cooperation Agreement:

CHECK ONE

_____ I hereby **accept** your offer of rescission and agree to not use your trademarks, patents, and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

_____ I do **not accept** your offer of rescission. I wish to remain a licensee under my Cooperation Agreement.

Date: _____

Licensee