

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

In the Matter of:

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SERVE IN MOTION,
d.b.a. UNCLE FLUFFY,

*

*

and

Case Number 2022-0175

*

ALAA MOHRA,

*

Respondents,

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* * * * *

**SUMMARY ORDER TO CEASE AND DESIST
AND ORDER TO SHOW CAUSE**

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 Serve in Motion d.b.a. Uncle Fluffy and Alaa Mohra (collectively “Respondents”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§14-201 et seq. (2015 Repl. Vol.) (the “Maryland Franchise Law”); and

WHEREAS, as a result of that investigation, the Maryland Securities Commissioner (the “Securities Commissioner”) has found grounds to allege that Respondents violated and may continue to violate the registration, disclosure, and anti-fraud provisions of the Maryland Franchise Law in relation to offers to sell and sales of Uncle Fluffy franchises in Maryland or to prospective Maryland franchisees; and

WHEREAS, the Securities Commissioner has determined that immediate action against Respondents is in the public interest;

NOW, THEREFORE, pursuant to section 14-210 of the Maryland Franchise Law, it is

hereby:

ORDERED, that Respondents immediately cease and desist from the offer to sell or sale of any Uncle Fluffy franchise in Maryland and to any Maryland resident, pending a hearing in this matter or until such time as the Securities Commissioner modifies or rescinds this Order; and

IT IS FURTHER ORDERED, that each Respondent show cause why a final order should not be entered against that person, ordering that person to permanently cease and desist from offering or selling Uncle Fluffy franchises in violation of the Maryland Franchise Law.

The Securities Commissioner alleges the following as a basis for this Order:

I. JURISDICTION

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

II. STATEMENT OF FACTS

A. Respondents

2. Serve in Motion (“Uncle Fluffy”) is a company registered in Dubai, United Arab Emirates (“UAE”) doing business as Uncle Fluffy and Uncle Fluffy Franchise.

3. In the United States, the owner of the Uncle Fluffy trademark is Serve in Motion, LLC, a dissolved Wyoming limited liability company with a principal business address of 301 N. Gould Street, Suite R, Sheridan, Wyoming 82801.

4. Uncle Fluffy specializes in selling and serving a fluffy Japanese cheesecake. Uncle Fluffy also offers and sells franchises for an Uncle Fluffy Bakery and Café that sells fluffy Japanese cheesecakes.

5. Alaa Mohra (“Mohra”) represents himself as the founder and owner of Uncle

Fluffy. Upon information and belief, Mohra is a resident of Dubai, UAE.

6. Mohra is featured on an Internet website www.unclefluffyfranchise.com, which promotes the sale of Uncle Fluffy Bakery and Café businesses to individuals. That website represents that Uncle Fluffy businesses earn between \$50,000 to \$200,000 per month. The website also states that Uncle Fluffy has more than 30 stores in 8 countries, including one Uncle Fluffy Bakery and Café located in the USA.

B. Offer and Sale of Unregistered Franchise in Maryland

7. “Nicholas L,” a resident of Frederick, Maryland, saw an advertisement on Instagram for the Uncle Fluffy Bakery and Café.

8. Nicholas L filled out a questionnaire on Instagram regarding his interest in an Uncle Fluffy Bakery and Café.

9. Nicholas L was contacted by Mohra who told Nicholas L that Mohra is the owner of Uncle Fluffy, and that the company was registered to offer and sell franchises in the US and in Maryland.

10. Mohra told Nicholas L that, by purchasing an Uncle Fluffy Bakery and Café, Nicholas L could make back his investment in three months. Mohra also told Nicholas L that previous individuals who purchased an Uncle Fluffy Bakery and Café had recouped their investments within three months.

11. Mohra provided Nicholas L with a “Statement of Monthly Profit” that states that an Uncle Fluffy kiosk earns monthly net profits of \$27,482.90, and an Uncle Fluffy Bakery and Café earns monthly net profits of \$49,045.00.

12. On October 27, 2021, Nicholas L signed a “Franchise Agreement” with Uncle

Fluffy (the “Franchise Agreement”) granting him the right to operate an Uncle Fluffy Bakery and Café.

13. Under the Franchise Agreement Nicolas L agreed to pay Uncle Fluffy a franchise fee of \$85,000 and an ongoing royalty of a minimum of \$500.00 per month.

14. The Franchise Agreement granted Nicolas L the right to use certain trade names, service marks, trademarks, and logos, including the mark “Uncle Fluffy.”

15. Under the Franchise Agreement, Uncle Fluffy was to provide Nicolas L a copy of an operations manual, provide specifications for designated sources, help with pre-opening advertising, assist with opening, and provide ongoing assistance regarding the operation of an Uncle Fluffy Café and Bakery.

16. Under the Franchise Agreement, Nicolas L agreed to operate his Uncle Fluffy Bakery and Café franchise in conformity with certain standards and specifications that Uncle Fluffy required.

17. Between November 29 and December 31, 2021, Nicholas L wired to Uncle Fluffy in Dubai \$191,000 for fees related to his Uncle Fluffy franchise and for equipment to outfit an Uncle Fluffy outlet.

18. The address where Nicholas L wired funds was “Serve in Motion Café, 4801 Dubai Marina, Dubai, United Arab Emirates.”

19. Nicolas L discovered that Uncle Fluffy was not registered in Maryland when the U.S. Small Business Administration rejected Nicholas L’s loan application for funds to build out his Uncle Fluffy Bakery and Café franchise.

20. Uncle Fluffy did not provide Nicholas L with the equipment, training, or support it agreed to provide him under the Franchise Agreement.

21. Nicolas L never opened an Uncle Fluffy Bakery and Café franchise.
22. The Franchise Agreement that Nicolas L signed to operate Uncle Fluffy Bakery and Café constitutes a “franchise” under the Maryland Franchise Law.
23. Uncle Fluffy has never been registered to offer or sell franchises under the Maryland Franchise Law.
24. Uncle Fluffy never gave Nicholas L a franchise offering prospectus, known as a franchise disclosure document (“FDD”), as required under the Maryland Franchise Law.

COUNT ONE
AGAINST ALL RESPONDENTS
(Violation of Registration Provisions)

WHEREAS, section 14-228 of the Maryland Franchise Law makes it unlawful for any person to offer to sell, through advertisement or otherwise, or sell a franchise in Maryland or to a Maryland resident unless the offering has been registered with the Securities Commissioner before the person offers to sell, through advertisement or otherwise, or sells the franchise in Maryland; and

WHEREAS, Respondents advertised, offered to sell franchises, and sold a franchise in Maryland without registering the offering with the Securities Commissioner;

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents immediately cease and desist from offering and selling franchises in Maryland in violation of the registration provisions of section 14-228 of the Maryland Franchise Law; and

IT IS FURTHER ORDERED, that Respondents show cause why a final order should not be issued against each of them directing them to permanently cease and desist from engaging in activities that violate the registration provision of section 14-228 of the Maryland Franchise Law.

COUNT TWO
AGAINST ALL RESPONDENTS
(Violation of Disclosure Provisions)

WHEREAS, section 14-223 of the Maryland Franchise Law makes it unlawful for any person to offer to sell or sell a franchise in Maryland or to a Maryland resident without first giving a prospective franchisee a copy of the offering prospectus and a copy of each proposed agreement that relates to the sale of the franchise at the earlier of: (1) 14 calendar days before the execution by the prospective franchisee of any binding agreement with the franchisor; (2) 14 calendar days before payment of any consideration that relates to the franchise relationship; or (3) a reasonable request by a prospective franchisee to receive a copy of the offering prospectus; and

WHEREAS, under section 14-216 (a) and COMAR 02.02.08.04, the “offering prospectus” that a franchisor must give to a prospective franchisee is the FDD that must be registered by the Securities Division and that must contain 23 separate items of disclosure; and

WHEREAS, Respondents offered to sell and sold a franchise in Maryland without giving a prospective Maryland franchisee the FDD required under the Maryland Franchise Law at any time before the Maryland franchisee paid consideration or signed a binding contract related to the franchise;

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents immediately cease and desist from the offer and sale of franchises in violation of the disclosure provisions of section 14-223 of the Maryland Franchise; and

IT IS FURTHER ORDERED, that Respondents show cause why a final order should not be issued against each of them directing them to permanently cease and desist from the offer and

sale of franchises in violation of the disclosure provisions of section 14-223 of the Maryland Franchise Law.

COUNT THREE
AGAINST ALL RESPONDENTS
(Misrepresentation in connection with the offer or sale of franchises)

WHEREAS, section 14-229 of the Maryland Franchise Law prohibits any person, in connection with the offer to sell or sale of a franchise, directly or indirectly, to employ a device, scheme or artifice to defraud; make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, in connection with the offer and sale of franchise, Respondents made material misrepresentations of fact and/or omissions of material fact about the Uncle Fluffy franchise offering, including omitting to disclose the material information a franchisor must include in its FDD required under the Maryland Franchise Law and omitting to disclose that Uncle Fluffy was not registered to offer and sell franchises in Maryland;

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents immediately cease and desist from the offer and sale of franchises in violation of the anti-fraud provisions of section 14-229 of the Maryland Franchise Law, and

IT IS FURTHER ORDERED, that Respondents show cause why a final order should not be issued against each of them directing them to permanently cease and desist from the offer and sale of franchises in violation of the anti-fraud provisions of section 14-229 of the Maryland Franchise Law.

COUNT FOUR
AGAINST ALL RESPONDENTS
(Earnings Claims)

WHEREAS, section 14-229 of the Maryland Franchise Law and section 02.02.08.16D of the Code of Maryland Regulations (“COMAR”) prohibit any person, in connection with the offer to sell or sale of a franchise, directly or indirectly, to make any oral or written statements concerning the potential earnings from operation of a franchise (“Earnings Claim”) if that Earnings Claim has not been included in the franchisor’s FDD; and

WHEREAS, Respondents made Earnings Claims about the Uncle Fluffy franchise offering in the form of a projection of earnings that Mohra told to a prospective Maryland franchisee, but Respondents did not make the required disclosures about that Earnings Claim, or any Earnings Claim, in an FDD given to that prospective franchisee;

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents immediately cease and desist from the offer and sale of franchises in violation of the anti-fraud provisions of section 14-229 of the Maryland Franchise Law and COMAR 02.02.08.16D, and

IT IS FURTHER ORDERED, that Respondents show cause why a final order should not be issued against each of them directing them to permanently cease and desist from the offer and sale of franchises in violation of the anti-fraud provisions of section 14-229 of the Maryland Franchise Law and COMAR 02.02.08.16D.

REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING

IT IS FURTHER ORDERED, pursuant to section 14-210 of the Maryland Franchise Law and COMAR 02.02.06.06, that Respondents shall file with the Securities Commissioner a written

Answer to this Order within fifteen days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether a respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. A hearing to determine whether the Order should be vacated, modified, or entered as final will be scheduled in this matter if one is requested in writing. Failure by any respondent to file a written request for a hearing in this matter shall be deemed a waiver by that respondent of the right to such a hearing. Failure of any respondent to file an Answer, including a request for a hearing, shall result in entry of a final order directing that respondent to permanently cease and desist from violations of the Maryland Franchise Law.

SO ORDERED:

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

October 5, 2023

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER