

CLOTHILDE V. HEWLETT
Commissioner
MARY ANN SMITH
Deputy Commissioner
SEAN M. ROONEY
Assistant Chief Counsel
MIRANDA LEKANDER
Assistant Chief Counsel
MARLOU de LUNA
Senior Counsel
DANIELLE A. STOUMBOS (State Bar No. 264784)
Senior Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Telephone: (213) 503-2046
Facsimile: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)	FIL ORG ID.: 305346
)	
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,)	CITATIONS INCLUDING:
)	
Complainant,)	(1) DESIST AND REFRAIN ORDER;
)	
v.)	(2) ASSESSMENT OF ADMINISTRATIVE PENALTIES; AND
)	
UNITED STUDIOS OF SELF DEFENSE, INC.,)	(3) CLAIM FOR ANCILLARY RELIEF
a California Corporation; CHARLES)	
ANTHONY MATTERA, an individual,)	
)	
Respondents.)	
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Complainant, the Commissioner of Financial Protection and Innovation for the State of California (Commissioner) is informed and believes, and based on such information and belief, finds as follows:

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I.
Introduction

1. United Studios of Self Defense, Inc. (USSD) is a California Corporation formed on October 28, 1988. USSD’s principal business address is 9 Hubble, Irvine, California 92618.

2. Charles Anthony Mattera (Mattera) is a resident of Orange County, California, and is USSD’s founder, owner, and chief executive officer and has been since formation.

3. USSD has operated a martial arts franchise from its office in Orange County, California from at least 1993 to the present.

4. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the California Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.), and registering the offer and sale of franchises in California. All further statutory references are to the Corporations Code unless otherwise indicated.

5. Under section 31110, a franchisor must first register a franchise with the Department before it offers and sells franchises in California, unless it is otherwise exempt. To register a franchise, a franchisor must file a Uniform Franchise Disclosure Document (FDD) in accordance with sections 31111 and 31114, with the Department for review and await approval in the form of an order from the Commissioner (Order). Section 31200 prohibits willful misrepresentations and omissions to the Commissioner and section 31201 prohibits willful misrepresentations and omissions to prospective franchisees. Section 31123 requires a franchisor to promptly amend its registration with the Commissioner to disclose material changes.

6. Under section 31120, registration is effective for one year, unless the Commissioner designates a different period. Therefore, franchisors must apply for renewal annually.

7. The disclosure requirements of the FIL are intended to avoid misrepresentations and to provide prospective franchisees with material facts to make an informed decision to purchase a franchise, as stated in section 31001.

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II.
Statement of Facts

A.

Mattera was ordered to desist and refrain from offering and selling unqualified, non-exempt securities in California

8. On June 25, 1990, the Department of Corporations (now known as the Department of Financial Protection and Innovation) issued a Desist and Refrain Order (the 1990 D&R Order) against Charles A. Mattera, Fred J. Villari, Fred Villari’s Studios of Self Defense, Inc., and Martial Arts & Management Consultants for violations of the Corporate Securities Law of 1968.

9. The Commissioner found that the subjects offered and sold unqualified, non-exempt securities in California in the form of general partnerships in Fred Villari’s Studios of Self Defense, Inc. in violation of section 25110 and ordered the subjects, including Mattera, from further violating the law.

10. None of the subjects, including Mattera, requested a hearing on the D&R Order and pursuant to section 25532, the Order became final.

B.

USSD and Mattera failed to disclose the 1990 D&R Order in subsequent franchise filings

11. USSD was registered to offer and sell franchises in California from March 25, 1993 through April 30, 1996, with minor gaps in between.

12. However, on April 3, 1996, the Commissioner revoked USSD’s registration, finding that USSD misrepresented in Item 3 of its Offering Circular, now known as a Franchise Disclosure Document (FDD), and on Mattera’s salesperson form, for the previous five filings, that none of its principals had any currently effective injunctive or restrictive orders relating to any state securities law violations. Those representations, which were made to the Commissioner, were false in violation of section 31200. Mattera was subject to the 1990 D&R Order for California securities law violations.

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1 Agreement, license agreement signatories will be referred to as Licensees even though the
2 Commissioner maintains that such persons were and are franchisees.

3 19. Under section 31005, and Commissioner’s Release 3-F, an agreement is a franchise
4 if: (1) it grants the franchisee the right to engage in the business of offering, selling, or distributing
5 goods or services under a marketing plan or system prescribed in substantial part by the franchisor,
6 (2) operation of the franchise is substantially associated with the franchisor’s trademark, service
7 mark, trade name, logotype, advertising or other commercial symbol designating the franchisor or its
8 affiliate; and (3) the franchisee is required to pay, directly or indirectly, a franchise fee.

9 20. Under the License Agreements, Licensees were granted the right to engage in the
10 business of operating a martial arts school (e.g. a dojo) using the United Studios of Self Defense
11 trademark, including for the purpose of identifying and promoting the school, its programs, activities
12 and school products and/or services. A dojo is a school for training various forms of self-defense.

13 21. Licensees were expected to run their schools under a system prescribed in substantial
14 part by USSD. Licensees were required to provide new students with a USSD student manual.

15 22. USSD corporate reserved the exclusive right to test for black and brown belts, and
16 obtain revenue from those tests, which Mattera referred to as being within the “corporate domain.”

17 23. Students from various dojos could pay to compete at USSD sponsored tournaments.
18 Licensees were expected to promote these tournaments to their students, and work at these events
19 with nominal or no compensation, while USSD retained most of the tournament revenue.

20 24. The License Agreements required Licensees to use their best efforts to acquire all
21 martial arts goods, uniforms, and supplies from USSD’s affiliate (also owned by Mattera), Bushido
22 Martial Arts Supplies, Inc. (Bushido). In practice, USSD and Mattera directed Licensees to use
23 Bushido. Licensees feared retaliation and legal action taken against them if they did not purchase
24 supplies from Bushido. USSD and Bushido provided licensees with suggested retail prices to resell
25 these goods, uniforms, and supplies to students.

26 25. Licensees were required to use Mattera’s billing companies, Advanced Billing
27 Company and United Studios Billing, Inc. d/b/a United Billing to process student payments. These
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1 billing companies charged dojo owners above market processing fees. For example, a competitor
2 may charge a 1.9% processing fee, whereas United Billing would charge fees of approximately 5%.

3 26. USSD and Mattera told Licensees how to operate their dojos during monthly
4 meetings. Both Licensees and franchisees attended these monthly meetings, with no distinction
5 between the two.

6 27. From at least October 1999 through at least August 2012, Licensees were provided
7 with a standardized rate sheet, “to ensure uniformity of all United Studios of Self Defense” dojos.
8 The rate sheet listed minimum enrollment fees, private lesson fees, tuition plan fees, prepayment
9 program amounts, testing fees, and the pricing for the black belt program. Licensees were warned
10 that they would “be charged a \$250.00 fine for each student account that is not in compliance with
11 the standardized rate schedule.”

12 28. From a consumer perspective, dojos had a uniform appearance, with centralized
13 management. Mattera provided the welcome message in the student manual. Licensees operated
14 under the United Studios of Self Defense trademark, used the same bonsai tree logo, same uniforms,
15 and operated under similar operating hours. Licensees’ students were invited to attend an annual
16 USSD sponsored trip to China.

17 29. When a student at a licensed outlet graduated to the next belt level, the student was
18 given a certificate authorizing advancement by the “Supreme Authority of Professor Charles
19 Mattera 10th Degree Black Belt.” Licensees were required to purchase these certificates from
20 Bushido.

21 30. USSD’s website listed all locations, without distinguishing between licensed outlets
22 and franchised outlets, further giving the appearance of centralized management. The website
23 offered a “free lesson” for all locations, which imposed a condition and control over licensees.

24 31. At all relevant times, USSD and Mattera charged a \$75,000.00 initial franchise fee
25 and \$750.00 monthly royalty fee to both franchisees and licensees.

26 32. Dojo owners operated their business uniformly, regardless of whether they signed a
27 License Agreement or franchise agreement.

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1 40. USSD disclosed, in the FDDs provided to franchisees and filed with the Department
2 in 2012, 2013, 2014, and 2015 that franchisees were required to use its affiliate, United Studios
3 Billing, Inc. for all student and credit card transactions. USSD assured franchisees that, “[y]our
4 franchise will have its own merchant account setup and managed by United Studios Billing, Inc.”
5 Contrary to this representation, USSD did not have a separate merchant account set up for each
6 franchise. Instead, payments were aggregated in USSD’s and/or United Billing’s merchant account.

7 41. Franchisors are required to disclose, in Item 20 of the FDD, the names, addresses, and
8 telephone numbers of current franchisees. USSD and Mattera misrepresented, in the July 17, 2012,
9 application submitted to the Department, that there were 61 franchisees in the system, and 55
10 licensees as of December 31, 2011. This statement was false because USSD and Mattera
11 misclassified franchisees as licensees, and therefore understated the true number of franchisees.

12 42. From the fall of 2012 through 2013, in a rushed attempt to convert the unregistered
13 franchises in the form of License Agreements to written franchise agreements, Mattera
14 misrepresented to at least 8 Licensees that he needed them to sign a “franchise agreement” and in
15 some cases, a “franchise addendum” for “state compliance” purposes. He assured franchisees that
16 “nothing will change.”

17 43. Contrary to these representations, the franchise addendums Mattera instructed
18 franchisees to sign in some cases extended the life of the contractual obligations and contained terms
19 requiring franchisees to make payments that were not previously required under the License
20 Agreements.

21 44. Under section 31018, subdivision (c), a material modification of an existing franchise
22 is a sale.

23 45. USSD and Mattera did not provide prospective franchisees, at least 14 days prior to
24 the execution by the prospective franchisee of any binding franchise or other agreement, or at least
25 14 days prior to the receipt of any consideration, a copy of the franchise disclosure document,
26 together with a copy of all proposed agreements relating to the sale of the franchise.

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1 G.

2 USSD’s 2017 management contracts, the 2018 first Friday meeting and the material
3 misrepresentations and omissions in the 2018 franchise registration application

4 2017 Management Contracts

5 53. On October 21, 2017, USSD hired T.M. to manage the Utah franchised outlets.

6 54. On October 21, 2017, USSD hired G.B. to manage the Kansas and Missouri
7 franchised outlets.

8 J.G. Promoted as V.P.

9 55. In late 2017 or early 2018, J.G. was promoted to Vice-President of USSD.

10 The September 2018 First Friday Meeting

11 56. USSD and Mattera held corporate meetings during the first Friday of every month
12 (the First Friday meetings). These meetings were broadcast over the internet via Facebook.
13 Franchisees and Licensees could attend in person or remotely.

14 57. During the September 7, 2018, First Friday meeting, Mattera and USSD:

- 15 a. by and through the Kodawari group (in charge of corporate expansion and
16 franchising), offered to sell franchises in California when USSD was not registered;
- 17 b. by and through the Kodawari group, offered to assist prospective franchisees obtain
18 financing to purchase a franchise, including prequalifying individuals, pulling credit,
19 providing credit counseling to those with poor credit, and helping prospective
20 franchisees obtain funding, through its established relationships with banks, or
21 through partnerships with investors;
- 22 c. promoted the USSD Instructor Academy, a 27-week program designed to train
23 current students how to become instructors (with training in both martial arts and
24 business). Students pay \$10,000.00 to attend the academy and are guaranteed a job
25 either at a newly opened franchise outlet, or at an existing outlet. Eager to grow the
26 franchise system, even though USSD was not registered to offer or sell franchises at
27 the time, Mattera pressured franchisees to enroll additional students, because “15
28 instructors equal 12 new schools.” and

1 d. Mattera announced that at least one franchisee nets \$15,000.00 per month.

2 The October 2018 Filing

3 58. Approximately six weeks later, on October 16, 2018, USSD subsequently filed a
4 franchise registration application with the Commissioner.

5 59. Franchisors are required to submit a certification, signed by an officer with authority,
6 that the application and exhibits are true and correct. Mattera certified as C.E.O., on October 15,
7 2018, under penalty of law, that he read and knew the contents of the application and exhibits, and
8 that the statements were true and correct.

9 60. Section 31200 prohibits willful misrepresentations and omissions in applications filed
10 with the Commissioner. As discussed below, USSD and Mattera willfully misrepresented and failed
11 to disclose material information in the October 2018 application filed with the Commissioner in
12 violation of section 31200.

13 61. **Item 2:** Franchisors are required to disclose principal officers, and any other
14 individuals who will have management responsibility relating to the sale or operation of franchises
15 in Item 2 of the FDD.

- 16 a. USSD and Mattera failed to disclose T.M. as a manager in Item 2 of the FDD that
17 USSD filed with the Commissioner in October of 2018 in violation of section 31200.
- 18 b. USSD and Mattera failed to disclose G.B. as a manager in Item 2 of the FDD that
19 USSD filed with the Commissioner in October of 2018 in violation of section 31200.
- 20 c. USSD and Mattera failed to disclose J.G. as the Vice President in Item 2 of the FDD
21 that USSD filed with the Commissioner in October of 2018 in violation of section
22 31200.

23 62. **Item 11:** Franchisors are required to disclose principal assistance and related
24 obligations in Item 11 of the FDD. This includes assistance obtaining financing and hiring and
25 training employees.

- 26 a. USSD and Mattera, failed to disclose that they, by and through the Kodawari group
27 assist current and prospective franchisees obtain financing, including prequalifying
28 individuals, pulling credit, providing credit counseling to those with poor credit, and

1 helping prospective franchisees obtain funding, through established relationships with
2 banks, or through partnerships with investors; and

3 b. USSD and Mattera failed to disclose all material information regarding the Instructor
4 Academy in Item 11 of the FDD filed with the Commissioner in October of 2018 in
5 violation of section 31200.

6 63. **Item 19:** Franchisors may only provide information about the actual or potential
7 financial performance of its franchised outlets if there is a reasonable basis for the information, and
8 if the information is included in Item 19. Item 19 of the FDD that USSD filed with the
9 Commissioner in October of 2018 states that the company does not make any representations about
10 franchisees past financial performance. Contrary to this statement, USSD and Mattera stated that a
11 Northern California franchisee net \$15,000.00 a month during the September 2018 First Friday
12 meeting. USSD and Mattera therefore misrepresented that they do not make any representations
13 about past financial performance in Item 19 of the October 2018 FDD that USSD filed with the
14 Commissioner in violation of 31200.

15 **III.**
16 **Citations and Desist and Refrain Order**
17 **Violation of Corporations Code Sections 31110, 31119, 31200, and 31201**

18 64. Corporations Code section 31110 provides:

19 On and after April 15, 1971, it shall be unlawful for any person to offer
20 or sell any franchise in this state unless the offer of the franchise has been
21 registered under this part or exempted under Chapter 1 (commencing
22 with Section 31100) of this part.

23 65. Corporations Code section 31119 provides in relevant part:

24 (a) It is unlawful to sell any franchise in this state that is subject to
25 registration under this law without first providing to the prospective
26 franchisee, at least 14 days prior to the execution by the prospective
27 franchisee of any binding franchise or other agreement, or at least 14
28 days prior to the receipt of any consideration, whichever occurs first, a
copy of the franchise disclosure document, together with a copy of all
proposed agreements relating to the sale of the franchise.

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66. Corporations Code section 31200 provides:

It is unlawful for any person willfully to make any untrue statement of a material fact in any application, notice or report filed with the commissioner under this law, or willfully to omit to state in any such application, notice, or report any material fact which is required to be stated therein, or fail to notify the commissioner of any material change as required by Section 31123.

67. Corporations Code section 31201 provides:

It is unlawful for any person to offer or sell a franchise in this state by means of any written or oral communication not enumerated in Section 31200 which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

68. Corporations Code section 31402 provides:

If, in the opinion of the commissioner, the offer of any franchise is subject to registration under this law and it is being, or it has been, offered for sale without the offer first being registered, the commissioner may order the franchisor or offeror of that franchise to desist and refrain from the further offer or sale of that franchise unless and until the offer has been duly registered under this law. If, after that order has been made, a request for a hearing is filed in writing within 60 days from the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all of the powers granted under that chapter. Unless that hearing is commenced within 15 business days after the request is made (or the person affected consents to a later date), the order shall be deemed rescinded.

If that person fails to file a written request for a hearing within 60 days from the date of service of the order, the order shall be deemed a final order of the commissioner and shall not be subject to review by any court or agency, notwithstanding Section 31501.

69. Corporations Code section 31406 provides:

(a) If, upon inspection or investigation, based upon a complaint or otherwise, the commissioner has cause to believe that a person is violating any provision of this division or any rule or order promulgated pursuant to this division, the commissioner may issue a citation to that person in writing

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describing with particularity the basis of the citation. Each citation may contain an order to desist and refrain and an assessment of an administrative penalty not to exceed two thousand five hundred dollars (\$2,500) per violation and shall contain reference to this section, including the provisions of subdivision (c). All penalties collected under this section shall be deposited in the State Corporations Fund.

(b) The sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) If within 60 days from the receipt of the citation, the person cited fails to notify the commissioner that the person intends to request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) After the exhaustion of the review procedures provided for in this section, the commissioner may apply to the appropriate superior court for a judgment in the amount of the administrative penalty and order compelling the cited person to comply with the order of the commissioner. The application shall include a certified copy of the final order of the commissioner and shall constitute a sufficient showing to warrant the issuance of the judgment and order.

70. **CITATIONS 1-30 (30 violations):** Based upon the foregoing findings, the Commissioner is of the opinion that USSD and Mattera, in violation of section 31110, offered and sold at least 28 unregistered, nonexempt franchises to California residents from May 30, 1997 through at least August 28, 2012, sold an unregistered franchise in March of 2018, and offered to sell unregistered franchises in September of 2018.

71. **CITATIONS 31-56 (25 violations):** Based on the foregoing findings, the Commissioner is of the opinion that USSD and Mattera, in violation of section 31119, sold at least 25 franchises in California from October 1999 through at least December of 2012, that were subject to registration, without first providing prospective franchisees, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.

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1 72. **CITATIONS 57-68 (11 violations):** Based upon the foregoing findings, the
2 Commissioner is of the opinion that USSD and Mattera willfully made untrue statements of material
3 fact in applications filed with the Commissioner, omitted to state material facts which were required
4 to be stated in applications in violation of section 31200, including the following:

- 5 a. misrepresenting the number of franchisees in Item 20 of the application that USSD
6 filed with the Commissioner in July of 2012 (1 violation).
- 7 b. misrepresenting that each franchise had its own merchant account setup and
8 managed by United Studios Billing, Inc in Item 8 of the applications that USSD filed
9 with the Commissioner in 2012, 2013, 2014, and 2015 (4 violations).
- 10 c. failing to disclose T.M. and G.B. as managers, and failing to disclose J.G. as Vice
11 President in Item 2 of the FDD that USSD filed with the Commissioner in October
12 2018 (3 violations);
- 13 d. failing to disclose that USSD assists franchisees obtain financing, and failing to
14 disclose the material terms of the Instructor Academy in Item 11 of the FDD that
15 USSD filed with the Commissioner in October of 2018 (2 violations); and
- 16 e. misrepresenting that USSD does not make any representations about past financial
17 performance in Item 19 of the FDD that USSD filed with the Commissioner in
18 October of 2018 (1 violation).

19 73. Based on the foregoing findings, the Commissioner is of the opinion that USSD and
20 Mattera made untrue statements of material facts to franchisees, and omitted material facts necessary
21 in order to make the statements made, in the light of the circumstances under which they were made,
22 not misleading in violation of section 31201, including the following:

23 **CITATIONS 69-124 (55 violations):** From at least October 1999 through at least August of
24 2012, USSD and Mattera offered and sold at least 55 franchises without disclosing the 1990 D&R
25 Order.

26 **CITATIONS 125-180 (55 violations):** From at least October of 1999 through at least
27 August of 2012, USSD and Mattera offered and sold at least 55 franchises without disclosing the
28 1996 Permanent Injunction.

1 judge shall have jurisdiction to award additional relief. The person
2 affected may be required to attend remedial education, as directed by the
3 commissioner.

3 (b) In an administrative action brought under this part the commissioner is
4 entitled to recover costs, which in the discretion of the administrative law
5 judge may include any amount representing reasonable attorney's fees and
6 investigative expenses for the services rendered, for deposit into the State
7 Corporations Fund for the use of the Department of Corporations.

7 79. Pursuant to section 31408, USSD and Mattera shall pay attorney's fees and
8 investigative expenses to the Department of Financial Protection and Innovation in the amount of
9 \$25,000.00, or according to proof. The amount awarded for attorney's fees and expenses shall be
10 made in the form of a cashier's check payable to the Department of Financial Protection and
11 Innovation and submitted to the attention of: Accounting-Enforcement Division, California
12 Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California
13 95834. Notice of the payment shall be sent to Danielle A. Stoumbos, Senior Counsel at
14 Danielle.Stoumbos@dfpi.ca.gov when the payment is made.

14 **VI.**
15 **Ancillary Relief**

16 80. Complainant re-alleges and reincorporates by reference paragraphs 1 through 79 of
17 this Citation as though fully set forth herein.

18 81. Corporations Code section 31408 authorizes the Commissioner to seek ancillary
19 relief on behalf of any person injured by violations of any provision of the FIL and any rules
20 promulgated thereunder.

21 82. Based on the foregoing findings of fact, as set forth fully above, USSD and Mattera
22 sold unregistered, non-exempt franchises, failed to disclose material information and made material
23 misrepresentations to the Commissioner and prospective franchisees in connection therewith, and
24 failed to provide each franchisee with a FDD at least 14 days before the franchisee signed the
25 agreement or provided consideration to USSD or Mattera.

26 83. **Accounting.** The Commissioner Orders an Accounting of the disgorgement ordered
27 in paragraph 84-85 (the Disgorgement Report), to be conducted by an independent third-party
28 auditor, approved by the Commissioner, paid for by United Studios of Self Defense, Inc. and/or

1 Charles Anthony Mattera. The third-party auditor shall submit a copy of the Disgorgement Report
 2 to the Department via email to Danielle A. Stoumbos, Senior Counsel, at
 3 Danielle.Stoumbos@dfpi.ca.gov within 120 days of the date of this Order.

4 84. **Disgorgement.** Based on their wrongdoing, the Commissioner Orders disgorgement
 5 of United Studios of Self Defense, Inc. and Charles Mattera’s ill-gotten gains and/or unjust
 6 enrichment received from each person or entity (the Franchisee Class) who:

- 7 a. from May 1997 through at least March of 2018, purchased an unregistered, non-
 8 exempt United Studios of Self Defense franchise to be operated in California,
 9 executed in any form, including an unwritten agreement, a License Agreement, or a
 10 franchise agreement (collectively, Franchise);
- 11 b. from at least October 1999 through at least August of 2012, purchased a United
 12 Studios of Self Defense Franchise from USSD in which the 1990 D&R Order was not
 13 disclosed;
- 14 c. from at least October 1999 through at least August of 2012, purchased a United
 15 Studios of Self Defense Franchise from USSD in which the 1996 Permanent
 16 Injunction was not disclosed;
- 17 d. from at least October 1999 through at least August of 2012, purchased a United
 18 Studios of Self Defense Franchise to be operated in California, without first receiving
 19 a FDD at least 14 days before the prospective franchisee signed the agreement or
 20 provided consideration to USSD or Mattera; or
- 21 e. purchased a Franchise from at least July of 2012, through at least December 31, 2015,
 22 and was provided a FDD that misrepresented in Item 8 that each franchise would
 23 have a separate merchant account at United Billing.

24 85. Within 150 days of the date of this Order, United Studios of Self Defense, Inc. and
 25 Charles Anthony Mattera shall jointly and severally disgorge all ill-gotten gains and/or unjust
 26 enrichment, based on their wrongdoing, directly to members of the Franchisee Class, in the amount
 27 of at least \$2,062,212.50 or according to proof.

28 86. **Proof of Disgorgement.** Within 180 days of the date of this Order, United Studios of

1 Self Defense, Inc. and Charles Anthony Mattera shall submit a report in a form acceptable to the
2 Commissioner, reflecting proof that they have disgorged ill-gotten gains to all persons in the
3 Franchisee Class, along with a report that contains the name and contact information (including
4 address, telephone number, and email address) of each person or entity provided disgorgement, and
5 the disgorgement amount.

6 **87. Escheatment Report.** United Studios of Self Defense and Charles Anthony Mattera
7 are ordered to escheat any returned or unclaimed funds to the California State Controller’s Office
8 within the period provided by the Unclaimed Property Law (Code of Civ. Proc., § 1500 et seq.). In
9 the event of escheat, notice shall be sent within five business days to the Department to Danielle A.
10 Stoumbos, Senior Counsel at Danielle.Stoumbos@dfpi.ca.gov, and shall include a copy of any
11 escheatment report(s) submitted to the California State Controller.

12 **88. Cancellation Offer.** The Commissioner, pursuant to Corporations Code section
13 31408, subdivision (a), orders United Studios of Self Defense, Inc. and Charles Anthony Mattera,
14 jointly and severally, within 30 days of the date of this order, to submit to the Commissioner for
15 review, comment, and approval proposed offers to cancel the USSD License Agreements, Franchise
16 Agreements, and Franchise Addendums to each member in the Franchisee Class. (Cancellation
17 Offer).

18 **89. Service of Cancellation Offer** – The Commissioner orders United Studios of Self
19 Defense, Inc. and Charles Anthony Mattera, jointly and severally, within 30 days of the
20 Commissioner’s approval of the Cancellation Offers, to serve each person in the Franchisee Class,
21 via mail, return receipt requested, and email, with a copy of the approved Cancellation Offer,
22 together with a copy of this Citation. No other documents shall be included in the mailing absent the
23 Commissioner’s approval.

24 **90. Proof of Service** – The Commissioner orders United Studios of Self Defense, Inc.
25 and Charles Anthony Mattera, jointly and severally, within 30 days of the Commissioner’s approval
26 of the Cancellation Offers to submit to the Commissioner, in a form acceptable to the Commissioner,
27 proof that they have served the Cancellation Offer and Citations on all persons in the Franchisee
28 Class, along with a report that contains the name and contact information (including address,

1 telephone number, and email address) of each person served with the Cancellation Offer and
2 Citations.

3 91. **Franchisee Response Report** – The Commissioner orders United Studios of Self
4 Defense Inc. and Charles Anthony Mattera, jointly and severally, within 90 days of the
5 Commissioner’s approval of the Cancellation Offers, to submit to the Commissioner satisfactory
6 documentation evidencing each franchisees’ response to the Cancellation Offer. The documentation
7 of each response shall be sent to the attention of Danielle A. Stoumbos, Senior Counsel at
8 Danielle.Stoumbos@dfpi.ca.gov.

9 92. This order is necessary, in the public interest, for the protection of investors and
10 franchisees and consistent with the purposes, policies and provisions of the Franchise Investment
11 Law.

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13 Dated: January 3, 2022
14 Los Angeles, California

CLOTHILDE V. HEWLETT
Commissioner of Financial
Protection and Innovation



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17 By Mary Ann Smith
18 MARY ANN SMITH
19 Deputy Commissioner
20 Enforcement Division
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