



PRESS RELEASE

Attorney General Frosh and Securities Commissioner Issue Stop Order Suspending Registration for Burgerim Franchise

BALTIMORE, MD (January 3, 2020) – Maryland Attorney General Brian E. Frosh today announced that his Securities Division has issued a Stop Order against Burgerim Group USA, Inc., a California franchisor of fast casual burger restaurants, immediately suspending the company’s franchise registration in Maryland. The Securities Division alleges that Burgerim’s franchise disclosure document is materially incomplete. Among other things, the Division alleges that the document failed to disclose that Burgerim has hired insolvency counsel and appointed a Chief Restructuring Officer.

Burgerim has been registered to sell franchises in Maryland since 2018. Burgerim’s most recent franchise disclosure document filed with the Securities Division shows that it had 114 operating franchises nationwide at the end of 2018, and that it sold 7 franchises in Maryland. The company projected opening 351 new franchises in 2019, including 5 in Maryland.

The Securities Division received information that Burgerim’s franchise disclosure document contained incomplete contact information for current and former franchisees and was not amended to include updated, material information about the company’s current financial condition. Specifically, the Stop Order alleges that Burgerim failed to disclose that the company hired insolvency counsel to assist in restructuring its debts, which may involve filing a bankruptcy petition, and had appointed a Chief Restructuring Officer. The Securities Division alleges that Burgerim’s most recently filed franchise disclosure document does not contain any information that the franchisor may be required to file bankruptcy, or that it must restructure debts, or that it had appointed a Chief Restructuring Officer.

The Securities Division’s Stop Order immediately suspends Burgerim’s franchise registration in Maryland and requires that the company show cause why its franchise registration in the State should not be revoked.

Under Maryland Franchise Law, a franchisor’s disclosure document must include all current material information a prospective franchisee should have in order to make an informed decision about whether to buy the franchise.

“Investing in a franchise involves significant cost,” said Attorney General Frosh. “Franchisors must submit accurate, up-to-date information in their disclosure documents, allowing potential franchisees to make informed decisions about whether to purchase a franchise. When we have information that a franchise disclosure document does not contain required information or has become materially misleading to prospective franchisees, we will take action to stop a franchisor from selling franchises in Maryland.”

The Attorney General encourages anyone who invested monies for a Burgerim franchise to contact the Securities Division at 410-576-6882 or by email at securities@oag.state.md.us. Prospective franchisees

are strongly encouraged to check with the Securities Division before they invest any money in a franchise.