

1 Plaintiff, the United States of America, acting upon notification and
2 authorization to the Attorney General by the Federal Trade Commission (“FTC”),
3 pursuant to Section 16(a)(1) of the Federal Trade Commission Act (“FTC Act”),
4 15 U.S.C. § 56(a)(1), for its Complaint alleges:

5 1. Plaintiff brings this action under Sections 5(a), 5(m)(1)(A), 13(b) and
6 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a),
7 45(m)(1)(A), 53(b), 56(a), 57b, and the

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1 presentations or to get unvarnished experiences from prior purchasers. Worse, De-
2 fendants muddied the waters by making representations in their disclosure docu-
3 ment that contradicted other statements they made to the prospective franchisees.

4 4. Defendants sold more than 1,500 Burgerim franchises, but the over-
5 whelming majority of Burgerim franchisees never got their businesses off the
6 ground. Hundreds sought to cancel their franchise agreements. In many cases, De-
7 fendants did not honor their promises to provide refunds, and in this scheme, have
8 bilked aspiring business owners out of millions of dollars.

9 **JURISDICTION AND VENUE**

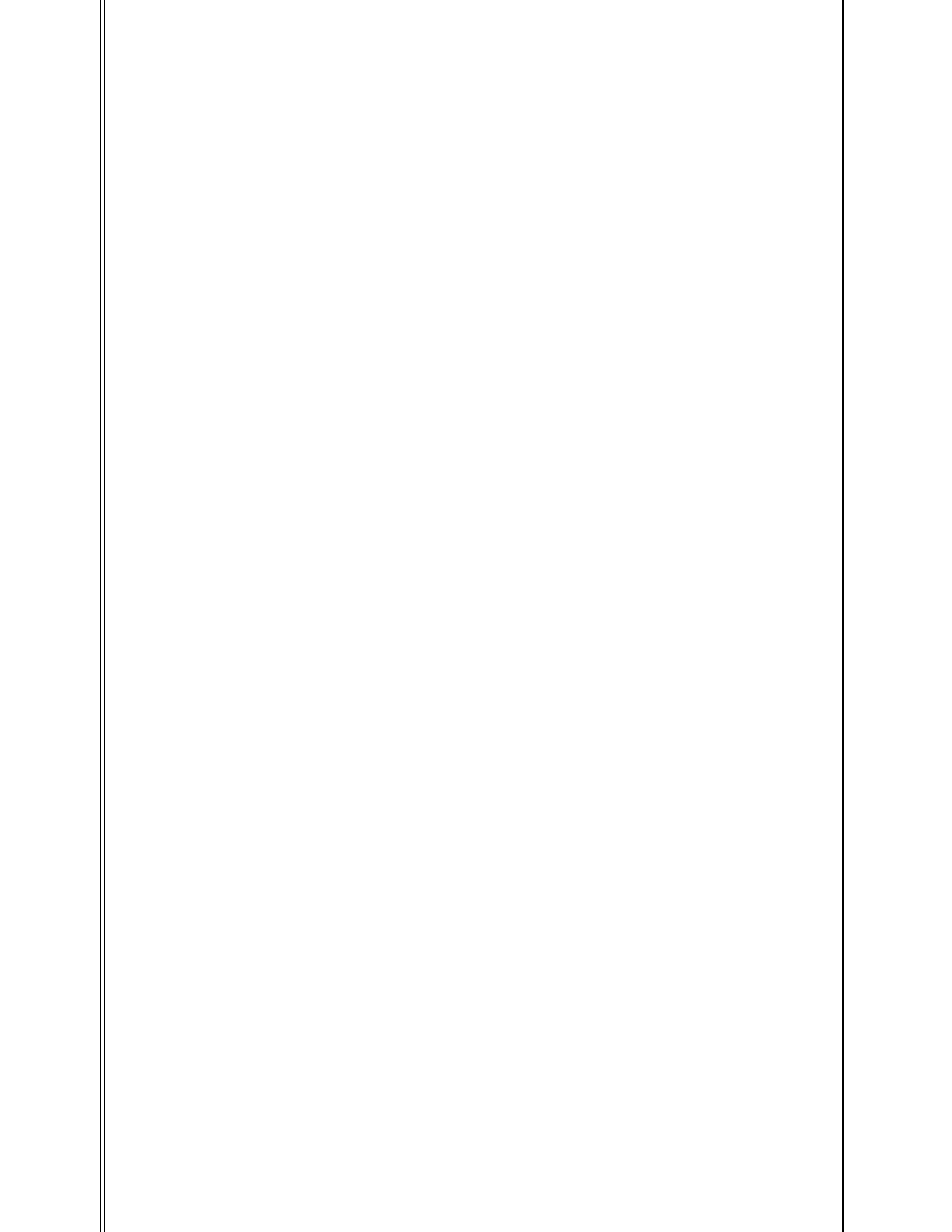
10 5. This Court has subject matter jurisdiction over this action pursuant to
11 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355, and 15 U.S.C. § 53(b). This action
12 arises under 15 U.S.C. § 45(a).

13 6. Venue is proper in this District under 28 U.S.C. §§ 1391(b)-(d) and
14 1395(a), and 15 U.S.C. § 53(b).

15 **SECTION 5 OF THE FTC ACT**

16 7. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or
17 deceptive acts or practices in6.

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1 California 91436. BIMG was incorporated in Delaware in June 2019 with its prin-
2 cipal place of business at the same address. On September 4, 2019, pursuant to
3 California Corporations Code sections 201(b) and 2106(b), and California Code of
4 Regulations sections 21003-21004, Oren Loni, as CEO of BIMGUSA, granted per-
5 mission to BIMG to do business in California under that name. Since at least Au-
6 gust 2019, BIMG has participated in the operation of the Burgerim franchise busi-
7 ness, including, but not limited to, communicating with and managing the business
8 relationships with BIMGUSA franchisees, enforcing agreements entered into by
9 BIMGUSA and its franchisees; receiving rebate payments sent to BIMGUSA un-
10 der agreements with product and service suppliers; and making payments to em-
11 ployees or former employees of BIMGUSA.

12 20. Corporate Defendants have conducted the business practices de-
13 scribed below through interrelated companies that have common management; co-
14 ordinated business functions; shared office space, employees and resources; shared
15 revenues, and comingled funds. Because these Corporate Defendants have oper-
16 ated as a common enterprise, each of them is liable for the acts and practices as al-
17 leged below.

18 COMMERCE

19 21. At all times relevant to this Complaint, Defendants have maintained a
20 substantial course of trade in or affecting commerce, as “commerce” is defined in
21 Section 4 of the FTC Act, 15 U.S.C. § 44.

22 DEFENDANTS’ BUSINESS ACTIVITIES

23 22. Since at least 2016, Defendants BIMGUSA and Oren Loni, and since
24 2019, Defendant BIMG, have offered and sold franchises of Burgerim, a fast-cas-
25 ual restaurant specializing in multiple types of hamburgers.

26 23. For those interested in opening a Burgerim franchise, the investment
27 of time and money is quite substantial. In many instances, franchisees paid De-
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1 defendants a franchise fee between \$50,000 and \$70,000 for a single franchise loca-
2 tion. In many instances, Defendants offere

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1 that their franchise is a “business in a box,” which prospective franchisees do not
2 need any prior business experience to operate.

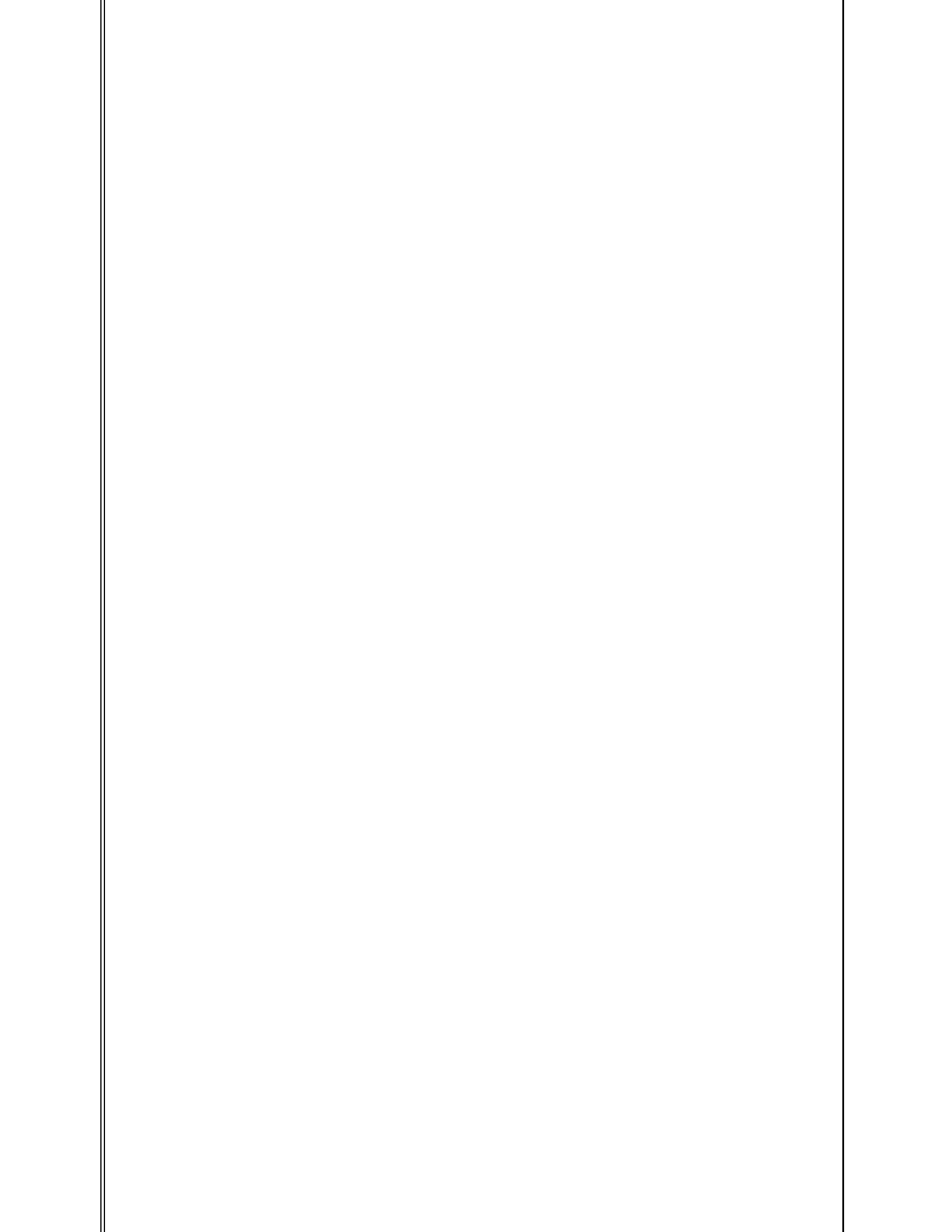
3 29. Anticipating that inexperienced franchisees may be intimidated by the
4 process, Defendants represent they will assist franchisees every step of the way.
5 For example, Defendants represent in the Burgerim “Brand Book,” which they pro-
6 vide to prospective franchisees, that “[o]ur Burgerim Team walks you through
7 the entire process of becoming a restaurateur [sic].” The Brand Book also states,
8 among other things, that Defendants will assist franchisees with “locking in a
9 prime location” for their restaurant, obtaining financing, and “acquiring the archi-
10 tect and contractors, as well as the different licenses needed to open the restau-
11 rant.” Defendants also promise to provide ongoing support to franchisees.

12 30. Defendants also make the following representations on their website,
13 www.burgerim.com:

14 “All you need is the will to succeed. Our international fast food franchising
15 team paves the way for you to become a thriving business owner. We’ll help
16 you customize your location, hire a small team, and generate wealth.”

17 “Burgerim’s experienced global team has conducted extensive research into
18 the US fast casual dining market and has developed training, branding and
19 operations protocols designed to empower franchise owners and support
20 them in operating successful and profitable Burgerim stores in their commu-
21 nities.”

22 31. In many instances, throughout the sales process, Defendants have
23 pitched prospective franchisees on the financial performance of their franchise op-
24 portunity. Defendants have made verbal representations about the financial perfor-
25 mance of existing locations and prospective franchisees’ likely performance, such
26 as estimates for weekly or monthly sales figures and break-even points. For exam-
27 ple, a Burgerim representative told one franchisee that the break-even point for
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1 36. In addition to their misrepresentations and broken promises, Defend-
2 ants withheld material information required by the Franchise Rule. The Franchise
3 Rule requires franchisors to provide aspiring entrepreneurs with a FDD containing
4 certain mandatory disclosures, a key purpose of which is to enable prospective
5 franchisees to assess the risks of the paying the franchise fee and entering into a
6 franchise agreement.

7 37. For example, in numerous instances, Defendants' FDDs did not in-
8 clude in Item 2 the name and position of the franchisor's principals or any other in-
9 dividuals who would have management responsibility relating to the sale or opera-
10 tion of the franchises, impeding prospective franchisees from conducting appropri-
11 ate due diligence.

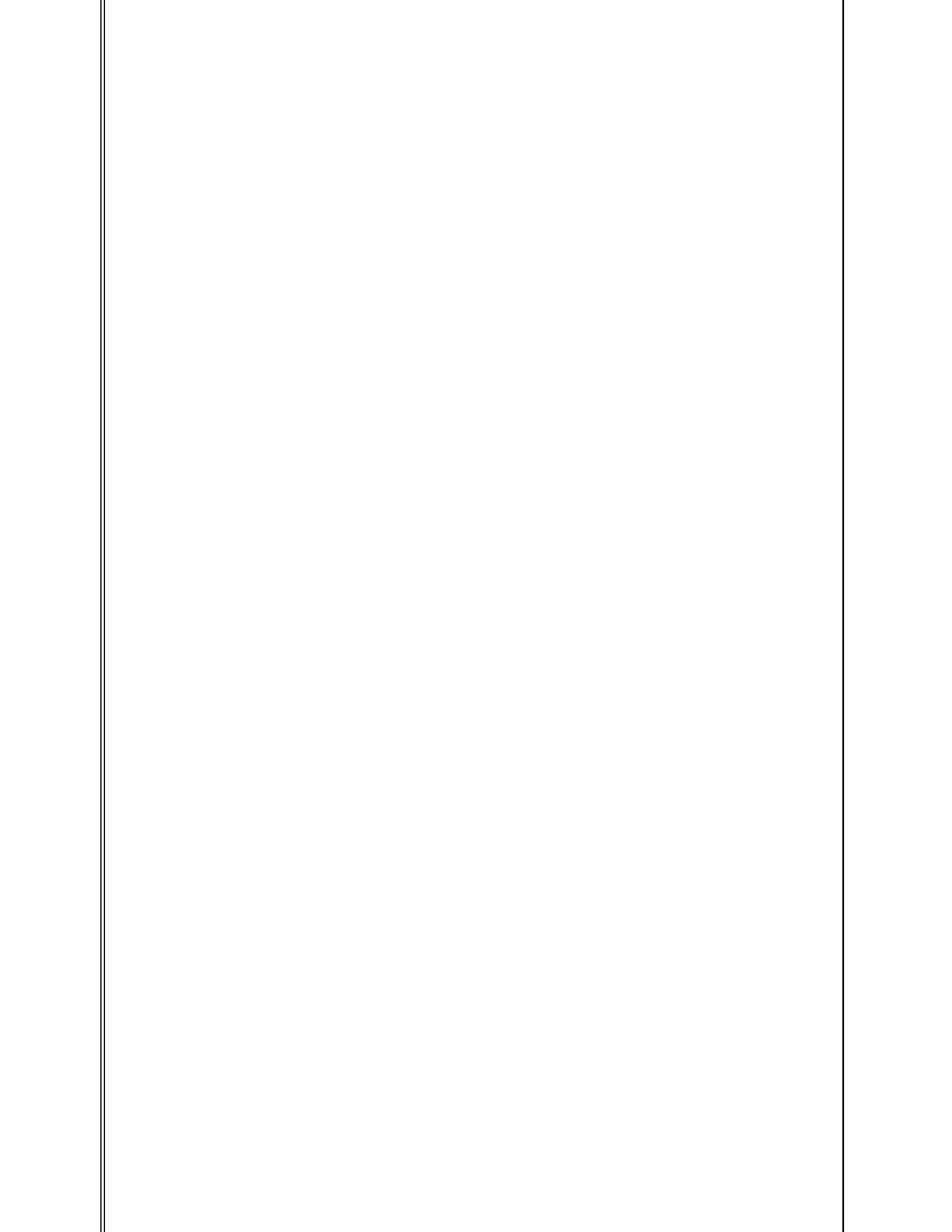
12 38. Defendants' FDDs, in numerous instances, did not provide contact in-
13 formation for prior purchasers as required in Item 20, impeding prospective fran-
14 chisees from contacting other franchisees and learning about their experiences with
15 Defendants.

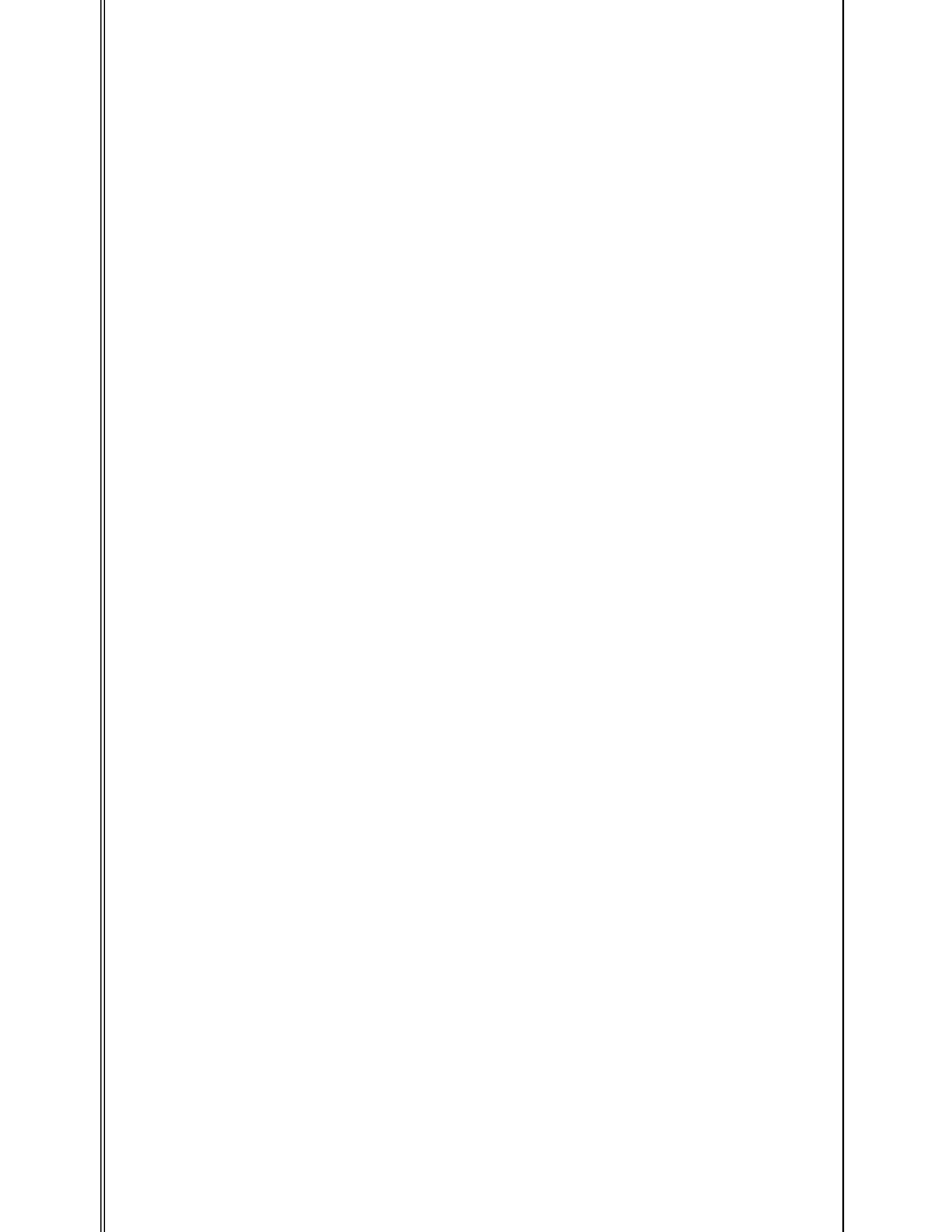
16 39. Defendants failed to include in Item 19 of the FDDs, the verbal finan-
17 cial performance representations they provided to prospective franchisees. In fact,
18 Defendants not only failed to include this required information, they contradicted
19 their verbal representations by stating in the FDDs that no such representations had
20 been made.

21 40. Despite Defendants' representations that under certain conditions they
22 would refund the franchisees' franchise fees, in numerous instances, Item 5 of De-
23 fendants' FDDs did not identify all such conditions. In fact, not only did Defend-
24 ants fail to include all such conditions, but in certain instances, the FDDs contra-
25 dicted Defendants' own representations by stating the franchise fee was non-re-
26 fundable.

27 41. Defendants' unlawful activities have harmed people across the coun-
28 try. Many franchisees find themselves crushed by substantial debt or ruined credit,

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**FOR FEDERAL TRADE
COMMISSION:**

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Respectfully submitted,

**FOR PLAINTIFF
THE UNITED STATES OF AMERICA:**

E. aEM
