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 California Corporations Commissioner
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 California Corporations Commissioner
 8

9 BEFORE THE DEPARTMENT OF CORPORATIONS
 10 OF THE STATE OF CALIFORNIA

11	In the Matter of the)	
12	CITATION AND)	RESPONDENTS MR. BENJAMIN GILBERT;
13	DESIST AND REFRAIN ORDER)	MRS. KID SODHI-GILBERT; and ADS
14	Issued To:)	UNLIMITED, INC. STIPULATION TO THE
15	MR. BENJAMIN GILBERT;)	CITATION AND DESIST AND REFRAIN
16	MRS. KID SODHI-GILBERT;)	ORDER FOR THE UNREGISTERED OFFER
17	and ADS UNLIMITED, INC.)	AND SALE OF FRANCHISES AND THE
18)	MAKING OF MISREPRESENTATIONS AND
19	Respondents.)	OMISSIONS IN THE OFFER AND SALE OF
20)	FRANCHISES
21)	
22)	
23)	

20 IT IS HEREBY STIPULATED BY AND BETWEEN THE RESPONDENTS MR.
 21 BENJAMIN GILBERT, MRS. KID SODHI-GILBERT and ADS UNLIMITED, INC.
 22 ("RESPONDENTS"), AND PRESTON DuFAUCHARD, CALIFORNIA CORPORATIONS
 23 COMMISSIONER ("COMMISSIONER"), AS FOLLOWS:

24 WHEREAS, RESPONDENTS admit the jurisdiction of the CALIFORNIA DEPARTMENT
 25 OF CORPORATIONS over their persons and over the subject matter of this Stipulation.

26 WHEREAS, RESPONDENTS waive the right of hearing, including that provided by
 27 California Corporations Code sections 25532 subdivision (d) and 25609.

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1 WHEREAS, all terms used, but not defined herein, shall have the meaning assigned to them
2 by the California Corporations Code.

3 WHEREAS, RESPONDENTS represent that no promises of any kind or nature whatsoever
4 were made to induce them to enter into this Stipulation, and that this Stipulation is a voluntary act on
5 the part of RESPONDENTS.

6 WHEREAS, on August 14, 2006, the COMMISSIONER issued a Citation and Desist and
7 Refrain Order ("Order") against MR. BENJAMIN GILBERT, MRS. KID SODHI-GILBERT and
8 ADS UNLIMITED, INC. for offering and/or selling unregistered non-exempt franchises and for
9 making misrepresentations and omissions of material fact in the offer and/or sale of said franchises.
10 Further, the Order required the RESPONDENTS to pay to the COMMISSIONER an administrative
11 penalty in the amount of five thousand dollars (\$5,000.00). The Order is attached to this Stipulation
12 as Exhibit A.

13 WHEREAS, RESPONDENTS agree and acknowledge that nothing in this Stipulation shall
14 preclude the COMMISSIONER, his agents, officers, or employees, to the extent authorized by law,
15 from referring any evidence or information regarding this matter to any other state or federal law
16 enforcement official, or from assisting, cooperating, or co-prosecuting with regards to any
17 investigation and/or action.

18 WHEREFORE, RESPONDENTS MR. BENJAMIN GILBERT, MRS. KID SODHI-
19 GILBERT and ADS UNLIMITED, INC. stipulate and agree to the finality of the
20 COMMISSIONER'S Order. RESPONDENTS understand and agree not to represent that this
21 Stipulation is a settlement or a withdrawal of the COMMISSIONER'S Order. RESPONDENTS
22 further understand and agree that the Order remains in full effect, and that they cannot deny the
23 violations cited in the COMMISSIONER'S Order or make any statement or representation that is
24 inconsistent with this Stipulation or the Order.

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1 RESPONDENTS further stipulate and agree to pay to the COMMISSIONER an administrative
2 penalty in the amount of two thousand five hundred dollars (\$2,500.00) within twenty days after the
3 execution of this Stipulation.

4 RESPONDENTS further understand and agree this Stipulation does not prevent the
5 COMMISSIONER from taking future action in regard to this matter.

6
7 Dated: 10/9/06

MR. BENJAMIN GILBERT, President
ADS UNLIMITED, INC.

8
9 By: _____
10 BENJAMIN GILBERT

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12 Dated: 10/9/06

By: _____
13 KID SODHI-GILBERT

14
15 Dated: 10/12/06

16 By: _____
17 GARRY MALIN
18 Approved as to Form
19 Attorney for RESPONDENTS

20
21 Dated: 10/17/06

22 By: _____
23 PRESTON DuFAUCHARD
24 California Corporation Commissioner
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State of California - Department of Corporations

-3-
RESPONDENTS MR. BENJAMIN GILBERT, MRS. KID SODHI-GILBERT, AND ADS UNLIMITED, INC.
STIPULATION TO THE CITATION AND DESIST AND REFRAIN ORDER FOR THE UNREGISTERED
OFFER AND SALE OF FRANCHISES AND THE MAKING OF MISREPRESENTATIONS
AND OMISSIONS IN THE OFFER AND SALE OF FRANCHISES

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Mr. Benjamin Gilbert
Mrs. Kid Sodhi-Gilbert
Ads Unlimited, Inc.
(d.b.a. Welcome To The Neighborhood)
5775 Los Angeles Ave, Suite 218
Simi Valley, CA 93063

and

P.O. Box 1343
Simi Valley, CA 93065

CITATION
AND
DESIST AND REFRAIN ORDER
(For violations of sections 31110 and 31201 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Ads Unlimited, Inc., doing business as Welcome To The Neighborhood magazine (“Ads Unlimited, Inc.” or “Licensor”) is and was a California corporation incorporated on February 2, 2004. Its principal place of business is 5775 Los Angeles Ave., Suite 218, Simi Valley, CA 93063, with an additional mailing address at P.O. Box 1343, Simi Valley, CA 93065. The company maintains a website at www.addsunlimited.com.

2. At all relevant times, Mr. Benjamin Gilbert (“Mr. Gilbert”) was the President and a control person of Ads Unlimited, Inc.

3. At all relevant times, Mrs. Kid Sodhi-Gilbert (“Mrs. Gilbert”) was a control person of Ads Unlimited, Inc.

1 4. In or about December 2004, Ads Unlimited, Inc., Mr. Gilbert and Mrs. Gilbert began offering
2 and selling franchises, pursuant to “Licensing Agreements,” to California residents. The franchises
3 are for the exclusive right to produce, sell and supply print advertisements to businesses in a
4 designated franchise region, which the “Licensee” must publish in a monthly magazine entitled
5 “Welcome To The Neighborhood” and distribute to communities in the designated franchise region.
6

7 5. The “licenses” offered and sold by Ads Unlimited, Inc., Mr. Gilbert and Mrs. Gilbert are
8 franchises within the meaning of California Corporations Code section 31005. The “license” grants
9 the “Licensee” the right to engage in the business of producing, selling and supplying print
10 advertisements to businesses, which are published in the “Welcome To The Neighborhood” magazine
11 and distributed in a designated franchise region. The “Licensee” is required to observe “the
12 specifications, directions, and processes furnished” by the “Licensor,” including guidelines relating to
13 advertisement pricing, quality and appearance of the magazine, business operations and sales
14 methods. The “Licensee” is required to use the trademark “Welcome To The Neighborhood” in
15 publication of the magazine and to “clearly indicate the Licensor’s ownership of the trademark.”
16 Lastly, the “Licensee” is required to “pay the Licensor a licensing fee in the total amount of Fifty
17 Thousand Dollars (\$50,000.00).”
18

19 6. Ads Unlimited, Inc., Mr. Gilbert and Mrs. Gilbert’s offer and sale of franchises in California
20 have not been registered under the Franchise Investment Law and are not exempted under Chapter 1,
21 beginning with California Corporations Code section 31100, of that law.
22

23 7. In connection with the offer or sale of franchises, Ads Unlimited, Inc., Mr. Gilbert and Mrs.
24 Gilbert represented to potential “Licensees” that Ads Unlimited, Inc. “is the lawful owner of the
25 trademark ‘Welcome To The Neighborhood.’” In fact, according to records of the United States
26 Patent and Trademark Office, another corporation is the true owner of that trademark. Further, Ads
27 Unlimited, Inc. does not possess an assignment or other right to use the trademark.
28

1 By reason of the foregoing, Ads Unlimited, Inc., Mr. Benjamin Gilbert and Mrs. Kid Sodhi-
2 Gilbert have engaged in the offer and sale of franchises in this state that are subject to registration
3 under the Franchise Investment Law without the offer first being registered, in violation of California
4 Corporations Code section 31110. Ads Unlimited, Inc., Mr. Benjamin Gilbert and Mrs. Kid Sodhi-
5 Gilbert have also engaged in the offer and sale of said franchises in this state by means of oral and
6 written communication which include an untrue statement of a material fact in violation of California
7 Corporations Code section 31201.

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9 Pursuant to California Corporations Code section 31406, Ads Unlimited, Inc., Mr. Benjamin
10 Gilbert and Mrs. Kid Sodhi-Gilbert are hereby ordered to desist and refrain from the further offer or
11 sale of Ads Unlimited, Inc. franchises unless and until the offers have been duly registered under the
12 Franchise Investment Law, or exempt.

13
14 In addition, pursuant to California Corporations Code section 31406, Ads Unlimited, Inc., Mr.
15 Benjamin Gilbert and Mrs. Kid Sodhi-Gilbert are hereby ordered to desist and refrain from the
16 further offer or sale of Ads Unlimited, Inc. franchises by means of written or oral communications
17 which include an untrue statement of a material fact or omit to state a material fact necessary in order
18 to make the statements made, in the light of the circumstances under which they were made, not
19 misleading.

20
21 Further, pursuant to California Corporations Code section 31406, Ads Unlimited, Inc., Mr.
22 Benjamin Gilbert and Mrs. Kid Sodhi-Gilbert are hereby ordered to pay to the California
23 Corporations Commissioner an administrative penalty in the amount of five thousand dollars
24 (\$5,000).

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26 This Citation and accompanying Order are necessary, in the public interest, for the protection
27 of investors and consistent with the purposes, policies and provisions of the Corporate Securities Law
28 of 1968.

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California Corporations Code section 31406 provides, in relevant part:

(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 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 references to this section, including the provisions of subdivision (c)

...
(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.

...

Dated: August 14, 2006

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
SHARON A. LUERAS
Supervising Attorney
Enforcement Division