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

TO: **Dennis Burkhartsmeier**
Brenda Burkhartsmeier
Mountain Manufacturing, Inc.
Coffee Cooperative, Inc.
Mountain Mudd
2120 3rd Ave. North
Billings, Montana 59101

DESIST AND REFRAIN ORDER
(For violations of section 31110
of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Mountain Manufacturing, Inc. is and was a Montana corporation, incorporated in March 1999, with a principal place of business at 2120 3rd Ave. North, Billings, Montana 59101; Coffee Cooperative, Inc. was a Montana corporation, incorporated on October 22, 2002 and dissolved on December 1, 2003, with a principal place of business in Billings, Montana; Mountain Mudd is and was a business entity of an unknown type with a principal place of business in Billings, Montana, and maintained a website at www.mountainmudd.com; Dennis Burkhartsmeier and Brenda Burkhartsmeier were officers and control persons of Mountain Manufacturing Inc., Coffee Cooperative, Inc. and Mountain Mudd (these persons and entities are hereinafter collectively referred to as "Mountain Mudd")
2. Since at least 2003, Mountain Mudd has offered and sold franchises, pursuant to "Cooperative Licensing Agreements" or "Cooperative Membership Agreements" (referred to jointly as "Co-op Agreements") to California residents. The franchises are for the right to market and sell out of kiosks Mountain Mudd coffee and other products within a designated franchise region.
3. The "Co-op Agreements" offered and sold by Mountain Mudd are franchises within the meaning of California Corporations Code section 31005. The "Co-op Agreements" grant the

1 “member” the right to engage in the business of marketing and selling Mountain Mudd products
2 pursuant to a prescribed business and marketing plan and system, including a nation-wide distribution
3 grid, the right to exclusive sales territories, manuals, training seminars, merchandising and business
4 techniques and methods, advertising, promotional programs, distinct and uniform appearance in
5 supplies, equipment, procedures, and kiosks, and the prohibition of sales of similar products. The
6 “Co-op Agreements” are substantially associated with Mountain Mudd’s commercial symbol or
7 trademark “Mountain Mudd”. In addition, the “member ” is required to pay Mountain Mudd a
8 franchise fee, called a “membership fee”, of \$5,000 a year for the right to enter into the business.

9 4. Mountain Mudd’s offers and sales of franchises in California have not been registered under
10 the Franchise Investment Law and are not exempted under Chapter 1, beginning with California
11 Corporations Code section 31100, of that law.

12 By reason of the foregoing, Mountain Manufacturing, Inc., Coffee Cooperative, Inc.,
13 Mountain Mudd, Dennis Burkhartsmeier and Brenda Burkhartsmeier have engaged in the offer and
14 sale of franchises in this state that are subject to registration under the Franchise Investment Law
15 without the offer first being registered, in violation of California Corporations Code section 31110.

16 Pursuant to California Corporations Code section 31402, Mountain Manufacturing, Inc.,
17 Coffee Cooperative, Inc., Mountain Mudd, Dennis Burkhartsmeier and Brenda Burkhartsmeier are
18 hereby ordered to desist and refrain from the further offer or sale of Mountain Mudd franchises
19 unless and until the offers have been duly registered under the Franchise Investment Law, or exempt.

20 This Order is necessary, in the public interest, for the protection of investors and consistent
21 with the purposes, policies and provisions of the Franchise Investment Law.

22 Dated: December 18, 2006

23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25 By _____
26 ALAN S. WEINGER
27 Lead Corporations Counsel
28 Enforcement Division