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

TO: Matthew Aaron Mitchum doing business as Mr. Margarita and Mr. Margarita LP
2344 Autumn Mist Lane
League City, Texas 77573

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

The California Corporations Commissioner finds that:

1. Matthew Aaron Mitchum (“Mitchum”), who does business as Mr. Margarita, states that he began his business in 1999. In 2002 Mitchum filed in Harris County, Texas as the owner of the fictitious business name, Mr. Margarita. In February 17, 2005, Mitchum filed as a domestic limited partnership (LP) with the Texas Secretary of State for his business, Mr. Margarita LP. Mitchum’s principal place of business is located at 2344 Autumn Mist Lane, League City, Texas 77573 but he offers his “Mr. Margarita’s distributorship program” throughout the United States, primarily through his Mr. Margarita website at www.mrmargarita.com.

2. In 2007 Mitchum expanded his business to California and continues to offer California residents franchises by inviting them to “BECOME A MR. MARGARITA DISTRIBUTOR TODAY!!!” and to “join our team” and “BE YOUR OWN BOSS” via his “DISTRIBUTOR OPPORTUNITY.” California residents are informed they can start their own home based “MR. MARGARITA MACHINES RENTAL company and be MR. MARGARITA in his or her town and see huge profits.” For more information readers are informed they should call or email (713) 664-7482 (RITA) or at info@mrmargarita.com

3. Mitchum’s web pages identify all his California franchise locations and states that “Distributors are wanted” in California for the following cities: Anaheim, Bakersfield, Berkeley, Chula Vista, Citrus Heights, Concord, East Los Angeles, El Monte, Fremont, Fresno, Fullerton, Garden Grove, Glendale, Hollywood, Long Beach, Los Angeles, Modesto, Moreno Valley, Santa Clarita, Oakland, Oceanside, Orange, Oxnard, Pasadena, Pomona, Sacramento, Salinas, San Diego, San Francisco, San Jose, Simi Valley, Stockton, Thousand Oaks, Torrance and Vallejo.

1 4. Mr. Margarita’s distributorship entitles the franchisee to an exclusive, complete step-by-
2 step, Business Operations Manual. Mitchum describes the contents of his Business Operations
3 Manual as “included on our copyrighted disks: . . . a full turnkey package!”

4 [The manual] will come in the form of a computer disk which will
5 include our trademarked logos and images, your own website which
6 includes all the hosting fees and domain fees paid by us, rental
7 agreements, legal forms, invoices, checklists, letter heads (sic), templates,
8 banners, maintenance logs, marketing tips, flyers, preprinted ads,
9 business cards, web pages, guide lines (sic) and tips, posters, postcards,
10 graphics, signs and dozens of other ads and other types of input from
11 other MR. MARGARITA’S (sic) that have been in the business and
12 know the ins and outs. OUR TEAM WILL HELP GUIDE YOU TO
13 YOUR SUCCESS.

14 5. Mitchum represents that “[t]his business can be very easy to operate . . . takes very little
15 working capital and you need No prior experience.” Mitchum further represents that “[w]e will also
16 be available to provide you with additional equipment, supplies, mixes, and information as needed as
17 you (sic) business expands”.

18 6. Mitchum offers several different distributorships. Mitchum states “OPTION 1 –
19 SUGGESTED START UP ITEMS FOR \$45,950” includes the following: 10 Frozen Drink Machines,
20 10 Rubbermaid Carts, 10 mixing buckets, 40 Cases of MR. MARGARITA MIX, 10 Twelve gauge
21 cords (sic), 10 Cases of Salt with Salt Rimmers and “MR. MARGARITA WEBSITE WITH DOMAIN
22 & HOSTING!!!”

23 7. Mitchum’s distributorships “OPTION 2 . . . for \$23,950 and “OPTION 3 . . . for \$17,950”
24 are similar to OPTION 1 described above but differ in the quantity of the start up items provided.

25 8. Mitchum’s offer and sale of Mr. Margarita distributorships constitute a franchise under the
26 Franchise Investment Law.

27 9. There is no record of Mitchum, Mr. Margarita or Mr. Margarita LP filing with the
28 Department of Corporations to register as a franchise pursuant to Corporations Code section 31110.

 10. Mitchum, Mr. Margarita and Mr. Margarita LP do not satisfy the requirements for an
exemption from the registration requirements and are not registered with the California Attorney
General’s office as a seller assisted marketing plan.

