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SACRAMENTO COURTS
DEPT. #53

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9 IN THE SUPERIOR COURT OF CALIFORNIA

10 IN AND FOR THE COUNTY OF SACRAMENTO

11 THE PEOPLE OF THE STATE OF
12 CALIFORNIA, by and through the CALIFORNIA
CORPORATIONS COMMISSIONER,

13 Plaintiff,

14 vs.

16 OLA ROBERT HASSAN, an individual, JANET
17 PHIFER, an individual, OLA'S EXOTIC
COFFEE, INC., and DOES 1-10, inclusive.

18 Defendants.

Case No.: 07AS04971

**(PROPOSED) FINAL JUDGMENT OF
PERMANENT INJUNCTION AGAINST
DEFENDANTS OLA ROBERT HASSAN,
an individual, JANET PHIFER, an
individual, and, OLA'S EXOTIC COFFEE,
INC.**

D53

22 A. Plaintiff, the People of the State of California, by and through, Preston DuFauchard,
23 California Corporations Commissioner ("Plaintiff") filed a Complaint against OLA ROBERT
24 HASSAN, an individual, JANET PHIFER, an individual, and, OLA'S EXOTIC COFFEE, INC.
25 (collectively referred to as "Defendants").

27 B. DEFENDANTS stipulated to jurisdiction of this Court over them and over the subject
28 matter of this action.

1 C. DEFENDANTS stipulated to receiving service of the Summons and Complaint filed
2 in this matter.

3 D. DEFENDANTS read the Complaint, the Stipulation to Entry of Judgment of
4 Permanent Injunction Between Plaintiff and Defendants, OLA ROBERT HASSAN, an individual,
5 JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE, INC. (referenced hereinafter as
6 "Stipulation"), this proposed Final Judgment of Permanent Injunction Against OLA ROBERT
7 HASSAN, an individual, JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE, INC.
8 (hereinafter "Final Judgment") and DEFENDANTS stipulate to entry of judgment on the terms and
9 conditions contained in the Stipulation and reflected in the Final Judgment.

10 E. DEFENDANTS waived entry of Findings of Fact and Conclusions of Law under
11 California Code of Civil Procedure section 632 and all rights to appeal the entry of the Final
12 Judgment.

13 F. DEFENDANTS waived any claims known to them against the State of California, its
14 agents, officers, or employees based on the facts underlying the present action. DEFENDANTS
15 specifically waived any rights provided by California Civil Code section 1542, which provides: "A
16 general release does not extend to claims which the Creditor does not know or suspect to exist in his
17 favor at the time of executing the release."

18 G. DEFENDANTS stipulated and agreed that they entered into the Stipulation voluntarily
19 and without coercion, and acknowledged that no promises, threats or assurances have been made by
20 Plaintiff or any officer, or agent thereof to induce them to enter into the Stipulation.

21 **PURSUANT TO STIPULATION OF THE PARTIES AND GOOD CAUSE APPEARING**
22 **THEREFOR, IT IS HEREBY ADJUDGED, ORDERED AND DECREED THAT JUDGMENT**
23 **BE ENTERED AS FOLLOWS:**

24 The following facts are deemed and stipulated to be true:

25 1. Ola Robert Hassan ("Hassan"), a natural person, individually and in his capacity as
26 CEO, President and Chairman of the Board of Ola's Exotic Coffee, Inc., maintains business
27 addresses of 1477 N. Milpitas Road, Milpitas, California, 95035 and 187 S. Main Street, Milipitas,
28 California, 95035.

1 2. Janet Phifer ("Phifer"), a natural person, individually and in her capacity as Director of
2 Marketing for Ola's Exotic Coffee, Inc., maintains business addresses of 187 S. Main St., Milpitas,
3 California, 95035. As director of Marketing, Phifer's duties include graphic design for Ola's Coffee
4 products and promotional material as well as the sale of coffee. Other than the facts stipulated to in
5 this stipulation, Phifer's duties did not include the offer and sale of franchises.

6 3. Ola's Exotic Coffee, Inc. ("Ola's Coffee"), is a corporation registered with the
7 California Secretary of State on January 28, 2004. Ola's Coffee's business addresses are 1477 N.
8 Milpitas Road, Milpitas, California, 95035 and 187 S. Main Street, Milpitas, California, 95035. The
9 registered agent for service for Ola's Coffee is Hassan.

10 4. On August 5, 2004, pursuant to the California Franchise Investment Law (Cal. Corp.
11 Code sec. 31000, et seq)(hereinafter "FIL"), Defendants filed an application with the Department of
12 Corporations (hereinafter "Department") to register a franchise offering under California
13 Corporations Code section 31111. On November 16, 2004, the Department granted the application,
14 with the registration effective through April 20, 2005.

15 5. On April 20, 2005, Defendants filed another application with the Department for
16 registration of the offer and sale of franchises under California Corporations Code section 31111. On
17 February 2, 2006, the application was deemed abandoned by the Department. Up to the time of the
18 filing of the Complaint in this action, Defendants had made no further effort to register their
19 franchises for sale in California. Therefore, Defendants did not, and have not, successfully registered
20 their franchise offerings or sales in California, nor have they held a valid registration to offer or sell
21 franchises in and from the State of California since April 20, 2005.

22 6. On July 14, 2006, a representative of the Department spoke directly with Defendant
23 Hassan and Defendants' counsel because Defendants, through their website, www.olascorner.com,
24 were offering unregistered franchises for sale in and from the State of California in violation of the
25 FIL. Hassan stated the franchise offering was in a holding pattern awaiting state approval, which
26 required the submission of audited financial statements. The Department's representative told both
27 Hassan and counsel to remove the illegal offer of franchises from the website until the offering was
28 lawfully registered.

1 7. Defendant Hassan claims that immediately after this call, in order to comply with the
2 Department's request and the FIL, he personally instructed his webmaster to take down any mention
3 of franchise offerings from the website www.olascorner.com. However, Defendant Hassan did not
4 personally ensure the offers had been removed.

5 8. On January 11, 2007, the website www.olascorner.com was offering Ola's Coffee
6 franchises for sale.

7 9. On February 22, 2007, a representative of the Department "shopped" the website to
8 see if unregistered franchises were indeed being offered by Defendants. The Department's
9 representative contacted Hassan directly via his cell phone. Hassan discussed a franchise in the
10 Sacramento area for a franchise fee of either \$79,000 for a coffee shop or \$49,000 for a coffee cart.
11 Hassan stated that a draft uniform franchise offering circular ("UFOC") was available. Hassan
12 directed the Department's representative to call the office and speak to Phifer.

13 10. Later that same day, February 22, 2007, the Department's representative spoke to
14 Phifer (jphifer@olascorner.com). He inquired about the UFOC and expressed interest. After a series
15 of e-mails, on March 8, 2007, at the direction of Defendant Hassan, Phifer sent the Department's
16 representative a copy of Ola's Coffee's draft UFOC. The draft UFOC was an offer for the sale of an
17 Ola's Coffee franchise.

18 11. On March 19, 2007, the Commissioner issued a Desist and Refrain Order to Ola's
19 Coffee and Hassan (individually and as President and CEO of Ola's Coffee), Phifer (as the Director
20 of Marketing), and Bill Diamond (an Ola's Coffee Board of Director's Member) finding that
21 unregistered offers of franchises were being made and ordering those identified individuals and
22 entities to desist and refrain from offering or selling illegal unregistered franchises in California.

23 12. The Department mailed the Desist and Refrain Order to Hassan and Phifer at Ola's
24 Coffee's headquarters, 1477 N. Milpitas Blvd., Milpitas, California, 95035 on March 26, 2007.

25 13. The Desist and Refrain Order became final as to Hassan and Phifer on September 23,
26 2007.

27 14. The website <http://www.olascorner.com/> is registered to Hassan, at 167 South Main
28 Street, Milpitas, California, 95035.

1 15. As of October 4, 2007, Defendants were still offering franchises for sale on their
2 website. The site map index on the website indicated that Franchise opportunities were available
3 under the Business Opportunities section of the site. Several pulldown menus directed the general
4 public to the Franchise Opportunity section of Ola's Coffee's website.

5 16. Defendant's have no defense to the First Cause of Action alleging that Defendants
6 offered franchises on their website and to the Department's representative as described above in the
7 state of California without first having registered the offering with the Department pursuant to
8 California Corporations Code section 31110.

9 17. Defendant's have no defense to the Second Cause of Action alleging that Defendants
10 offered franchises on their website and to the Department's representative as described above in the
11 State of California in violation of the Commissioner's order in violation of California Corporations
12 Code section 31203.

13 **AS A RESULT OF THE ABOVE THE COURT ENTERS JUDGMENT AS**
14 **FOLLOWS:**

15 1. DEFENDANTS, and their agents, employees, attorneys in fact in their capacities as
16 such, and all persons acting in concert or participating with them, shall be and are hereby
17 permanently enjoined from engaging in, committing, aiding and abetting, substantially assisting, or
18 performing directly or indirectly, by any means whatsoever, any of the following acts:

19 a. Violating California Corporations Code section 31110, by offering to sell,
20 selling, arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale
21 of any franchise of any kind, unless such franchise is registered with the Department of Corporations
22 or exempt.

23 b. Violating California Corporations Code section 31203 by offering to sell or
24 selling any unregistered franchise of any kind, including but not limited to, the unregistered
25 franchises described in the Complaint, in violation of the Commissioner's Order

26 c. Removing, destroying, mutilating, concealing, altering, transferring, or
27 otherwise disposing of, in any manner, any books, records, computer programs, computer files,
28 computer printouts, correspondence, brochures, manuals, or any other "writing" or "document" of

1 any kind as defined under California Evidence Code section 250, relating to the transactions and
2 course of conduct as alleged in the complaint of this action, unless authorized by this Court;

3 d. This Court shall retain jurisdiction of this action in order to implement and
4 enforce the terms of this Stipulation and entry of the Final Judgment pursuant thereto, and to entertain
5 any suitable application or motion for additional relief or modification or any order made herein
6 within the jurisdiction of the Court.

7
8 IT IS SO ORDERED.

9
10 Dated: MAY 13 2008

LOREN E. McMASTER

JUDGE OF THE SUPERIOR COURT