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SACRAMENTO COURTS
DEPT. #53

PRESTON DuFAUCHARD
California Corporations Commissioner
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Attorneys for the Plaintiff

IN THE SUPERIOR COURT OF CALIFORNIA
IN AND FOR THE COUNTY OF SACRAMENTO

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

Plaintiff,

vs.

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

Defendants.

Case No.: 07AS04971

**STIPULATION TO ENTRY OF FINAL
JUDGMENT OF PERMANENT
INJUNCTION BETWEEN PLAINTIFF
AND DEFENDANTS, OLA ROBERT
HASSAN, an individual, JANET PHIFER,
an individual, and OLA'S EXOTIC
COFFEE, INC.**

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A. IT IS HEREBY STIPULATED between PRESTON DuFAUCHARD, CALIFORNIA
CORPORATIONS COMMISSIONER ("Commissioner") for the Plaintiff and Defendants OLA
ROBERT HASSAN, an individual, JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE,
INC. (collectively referred to herein as "Defendants"), as follows:

1. DEFENDANTS admit jurisdiction of this court over them and over the subject matter
of this action. Any Defendants who have not yet appeared in this action hereby enter general
appearances. Defendants acknowledge that entry of general appearances is equivalent to personal
service of the Summons on them pursuant to California Code of Civil Procedure section 410.50.

STIPULATION TO ENTRY OF FINAL JUDGMENT OF PERMANENT INJUNCTION BETWEEN PLAINTIFF AND
DEFENDANTS, OLA ROBERT HASSAN, an individual, JANET PHIFER, an individual, and OLA'S EXOTIC
COFFEE, INC.

1 2. DEFENDANTS admit that they received service of the Summons and Complaint in
2 this matter.

3 3. DEFENDANTS have read the Complaint, this Stipulation to Entry of Final Judgment
4 of Permanent Injunction Between Plaintiff and Defendants OLA ROBERT HASSAN, an individual,
5 JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE, INC. (hereinafter "Stipulation") and
6 the proposed "Final Judgment of Permanent Injunction Against OLA ROBERT HASSAN, an
7 individual, JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE, INC. (hereinafter "Final
8 Judgment") in the form attached hereto as Ex. 1.

9 4. DEFENDANTS stipulate to the allegations in the Complaint, as it relates to them and
10 without notice of further proceedings, voluntarily consent to the entry by the Court of the Final
11 Judgment.

12 5. DEFENDANTS hereby waive entry of Findings of Fact and Conclusions of Law
13 under California Code of Civil Procedure section 632 and all rights to appeal the entry of the Final
14 Judgment.

15 6. DEFENDANTS hereby waive any claims known to them against the State of
16 California, its agents, officers, or employees based on the facts underlying the present action.
17 DEFENDANTS specifically waive any rights provided by California Civil Code section 1542, which
18 provides: "A general release does not extend to claims which the Creditor does not know or suspect
19 to exist in his favor at the time of executing the release, which if known by him must have materially
20 affected his settlement with the Debtor."

21 7. If any paragraph, clause, or provision of this Stipulation or of the Final Judgment
22 entered thereto, or the application thereof, is held invalid or unenforceable, such decision shall affect
23 only the paragraph, clause or provisions so construed or interpreted, and the invalidity shall not affect
24 the provisions of the application of this Stipulation, or of the Final Judgment entered thereto, which
25 can be given effect without the invalid provisions or application, and to this end, the provisions of the
26 Stipulation, and of the Final Judgment entered thereto, are declared by Plaintiff and by Defendant to
27 be severable.

28 8. This Stipulation may be executed in one or more separate counterparts, each of which

1 when so executed, shall be deemed an original. Such counterparts shall together constitute and be
2 one and the same instrument.

3 9. DEFENDANTS stipulate and agree that a Final Judgment as specified herein may be
4 entered against them. DEFENDANTS enter into this stipulation voluntarily and without coercion,
5 and acknowledge that no promises, threats or assurances have been made by Plaintiff or any agents,
6 officers, or employees thereof to induce them to enter into this stipulation.

7 B. SPECIFIC FACTS IN THE FINAL JUDGMENT STIPULATED TO BY THE PARTIES

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

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

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

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

26 5. On April 20, 2005, Defendants filed another application with the Department for
27 registration of the offer and sale of franchises under California Corporations Code section 31111. On
28 February 2, 2006, the application was deemed abandoned by the Department. Up to the time of the

1 filing of the Complaint in this action, Defendants had made no further effort to register their
2 franchises for sale in California. Therefore, Defendants did not, and have not, successfully registered
3 their franchise offerings or sales in California, nor have they held a valid registration to offer or sell
4 franchises in and from the State of California since April 20, 2005.

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

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

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

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

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

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

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

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

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

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

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

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

C. SPECIFIC RELIEF AND ORDER STIPULATED TO BY ALL PARTIES

DEFENDANTS stipulate to the entry of a Final Judgment providing that DEFENDANTS, and their agents, employees, attorneys in fact in their capacities as such, and all persons acting in concert or participating with them, shall be and are hereby permanently enjoined from engaging in, committing, aiding and abetting, substantially assisting, or performing directly or indirectly, by any

1 means whatsoever, any of the following acts:

2 1. Violating California Corporations Code section 31110, by offering to sell, selling,
3 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of any
4 franchise of any kind, unless such franchise is registered with the Department of Corporations or
5 exempt.

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

9 3. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing
10 of, in any manner, any books, records, computer programs, computer files, computer printouts,
11 correspondence, brochures, manuals, or any other "writing" or "document" of any kind as defined
12 under California Evidence Code section 250, relating to the transactions and course of conduct as
13 alleged in the complaint of this action, unless authorized by this Court;

14 4. DEFENDANTS acknowledge that the entry of Final Judgment pursuant to this
15 Stipulation shall not preclude any other federal, state or county agency from initiating any other
16 prosecution based upon the allegations contained in the Complaint in the above-entitled case or based
17 on any other acts by DEFENDANTS which may violate California or federal law.

18 5. DEFENDANTS agree and acknowledge that nothing in this Stipulation or in the Final
19 Judgment in this matter shall preclude the Commissioner, his agents, officers, or employees, to the
20 extent authorized by law, from referring any evidence or information regarding this matter to any
21 district attorney or any other state or federal law enforcement official, or from assisting, cooperating,
22 or co-prosecuting with regards to any investigation and/or action brought by any other federal, state
23 or county agency. DEFENDANTS further agree and acknowledge that nothing in this Stipulation or
24 in the Final Judgment in this matter shall bind or otherwise prevent any other federal, state or county
25 agency from the performance of its duties.

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6. The parties stipulate and agree that this Court shall retain jurisdiction of this action in order to implement and enforce the terms of this Stipulation and entry of the Final Judgment pursuant thereto, and to entertain any suitable application or motion for additional relief or modification or any order made herein within the jurisdiction of the Court.

D. STIPULATION TO ENTRY OF FINAL JUDGMENT OF PERMANENT INJUNCTION BETWEEN PLAINTIFF AND DEFENDANTS, OLA ROBERT HASSAN, an individual, JANET PHIFER, an individual, and OLA'S EXOTIC COFFEE, INC SIGNATURE PAGE(S)

Plaintiff State of California
California Corporations Commissioner
PRESTON DuFAUCHARD

DATED: 4/22/08

By: /s/ Alan S. Weinger
ALAN S. WEINGER
Lead Corporations Counsel
Attorney for the Plaintiff

Defendant, OLA ROBERT HASSAN

DATED: 4/23/08

By: /s/ Ola Robert Hassan
Dr. Ola Robert Hassan
Ola's Exotic Coffee, Inc.
187 S. Main St.
Milpitas, CA 95035
(408) 439-1944

Defendant, OLA'S EXOTIC COFFEE, INC.

DATED: 4/23/08

By: /s/ Ola Robert Hassan
Dr. Ola Robert Hassan

Title: President/CEO

///

Defendant, JANET PHIFER

DATED: 4/15/08

/s/ Janet Phifer

Janet Phifer

Stockton, CA 95209