

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
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Lead Corporations Counsel
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Corporations Counsel
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9 Attorneys for Complainant

10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of the Order of THE) File No.: 8143
14 CALIFORNIA CORPORATIONS)
15 COMMISSIONER,) SETTLEMENT AGREEMENT
16 Complainant,)
17 v.)
18 ROYAL RESTROOMS MANAGEMENT LLC;))
19 DAVID E. SAUERS, JR; ROBERT ROSS)
20 GLISSON,)
21 Respondents.)
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1 This Settlement Agreement (“Agreement”) is entered into between Royal Restrooms
2 Management LLC (“Royal Restrooms”), David E. Sauers, Jr. (“Sauers”) and Robert Ross Glisson
3 (“Glisson”), on the one hand, and the California Corporations Commissioner (“Commissioner”), on
4 the other hand, with respect to the following facts:
5

6 **RECITALS**

7 A. Royal Restrooms is a Georgia limited liability company with its principal place of
8 business at 2403 West Highway 80, Garden City, Georgia 31408.

9 B. Sauers is the President/CEO, Co-Founder, and a control person of Royal Restrooms.

10 C. Glisson is the Co-Founder and a control person of Royal Restrooms.

11 D. The Commissioner acting to protect the public from unlawful practices in the offer and
12 sale of franchises in violation of section 31110 of the California Franchise Investment Law,
13 California Corporations Code section 31000 *et. seq.*,¹ commenced an investigation into
14 Respondents’ offer and sale of portable restrooms under the Royal Restrooms brand.
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16 E. As a result of the investigation, the Commissioner found that since in or about 2006,
17 Respondents have offered and/or sold franchises to California residents pursuant to exclusive
18 “License” agreements. The agreements grant the right to engage in the business of offering, using,
19 leasing and providing luxury portable restroom services under Royal Restrooms’ distinctive name
20 and trademarks, and constitute franchise agreements under the Franchise Investment Law.
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22 F. On or about June 11, 2008, the Commissioner issued a Desist and Refrain Order to
23 Respondents (“Order”) finding that Respondents have engaged in the offer and sale of franchises in
24 this state that are subject to registration under the Franchise Investment Law without the offers first
25 having been registered, and ordering Respondents to desist and refrain from the further offer or sale
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¹ All references are to the California Corporations Code unless otherwise noted.

1 of franchises unless and until the offers have been duly registered under the Franchise Investment
2 Law.

3 G. It is the intention and desire of the parties to resolve this matter without the necessity of a
4 hearing and/or other litigation. There are no other pending or concluded actions brought by the
5 Department of Corporations of the State of California relating to the Royal Restrooms franchise or to
6 California franchise or securities laws.
7

8 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
9 forth herein, the parties agree as follows:
10

11 **TERMS AND CONDITIONS**

12 1. This Agreement is entered into for the purpose of judicial economy and expediency, and
13 to avoid the time and expense of a hearing and possible further court proceedings.

14 2. Respondents hereby admit the allegations contained in the Order and stipulate to issuance
15 of the Order. Respondents' admissions are solely for the limited purposes of these proceedings and
16 any future proceeding(s) that may be initiated by or brought before the Commissioner against
17 Respondents. It is the intent and understanding of the parties that this Agreement, and the
18 admissions of Respondents contained herein, shall not be binding or admissible against Respondents
19 in any action(s) brought against Respondents by third parties.
20

21 3. Respondents hereby waive their right to a hearing on the allegations set forth in the
22 Order. Respondents acknowledge their right to an administrative hearing under section 31402 in
23 connection with the Order, and hereby waive that right to a hearing, and to any reconsideration,
24 appeal, or other right which may be afforded pursuant to the Franchise Investment Law, the
25 California Administrative Procedure Act, the California Code of Civil Procedure or any other
26 provision of law in connection with this matter.
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4. Respondents agree to the following:

- (i) Within six (6) months of execution of this Agreement, Respondents shall have filed an application for registration under the Franchise Investment Law, and shall be in full compliance with the Franchise Investment Law.
- (ii) Respondents shall comply with section 31303 and California Code of Regulations section 310.303 within ninety (90) days of execution of this Agreement by filing an application for approval as to form of a written notice of violation, and delivering the approved notice of violation to all California franchisees in accordance with the Franchise Investment Law.
- (iii) If Respondents fail to comply with any of the terms of this Order, the Commissioner may institute proceedings for any and all violations including those resolved pursuant to this Agreement and the Order.

5. The parties hereby acknowledge and agree that this Agreement is intended to and shall constitute a final and complete resolution of the Order, subject to Paragraph 4(iii) above, and constitutes the entire Agreement between the parties with respect thereto. This Agreement supercedes any and all prior or contemporaneous agreements between the parties hereto.

6. Notwithstanding any other provision contained herein, nothing in this Agreement shall operate to limit the Commissioner's ability to investigate and prosecute violations of the Franchise Investment Law not addressed herein, or to assist any other agency (county, state or federal) with any prosecution, administrative, civil or criminal, brought by such agency against Respondents concerning violations alleged herein or otherwise.

7. Each party hereto represents and warrants that it has received independent advice from its attorney(s) and/or other representatives prior to entering into this Agreement, and in executing

1 this Agreement relied solely on this statements set forth herein and the advice of its own counsel
2 and/or representative.

3
4 8. In that the parties have had the opportunity to draft, review and edit the language of this
5 Agreement, no presumption for or against any party arising out of drafting all or any part of this
6 Agreement will be applied in any action relating to or arising out of this Agreement. Accordingly,
7 the parties hereby waive the benefit of California Civil Code section 1654 and any successor statute.

8
9 9. The waiver of any provision of this Agreement shall not operate to waive any other
10 provision set forth herein, and any waiver, amendment and/or change to the terms of this Agreement
11 must be in writing signed by the parties hereto.

12 10. Each signatory hereto represents and warrants that he/she possesses the necessary
13 capacity and authority to execute this Agreement and bind the parties hereto.

14 11. This Agreement may be executed in one or more counterparts, each of which shall be an
15 original but all of which, together, shall be deemed to constitute a single document. A fax signature
16 shall be deemed the same as an original signature.
17

18 Dated: 6/11/08

19 PRESTON DuFAUCHARD
California Corporations Commissioner

20
21 By [Signature]
Alan S. Weinger, Lead Corporations Counsel

22
23 Dated: 6/16/08

Approved as to form:

24 ALEXANDER G. TUNESKI
25 Kilpatrick Stockton LLP

26
27 By [Signature]
Alexander G. Tuneski, counsel for
28 Respondents Royal Restroom Management
LLC, David E. Sauers, Jr. and Robert Ross
Glisson

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Dated: 7/6/08

ROYAL RESTROOMS MANAGEMENT LLC

By _____
David E. Sauers, Jr., President/CEO

Dated: 7/6/08

By _____
David E. Sauers, Jr., an individual

Dated: 7/6/08

By _____
Robert Ross Glisson, an individual