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

TO: Saxbys Coffee, Inc.  
Nick Bayer  
84 Peachtree Street, 801  
Atlanta, Georgia 30303

and

John Larson  
180 N. Jefferson Suite 901  
Chicago, Illinois 60661

and

Greg Bayer  
50 Highland Road  
Chicago, Illinois 60521

and

Proven Record, Inc.  
1530 Main Street  
Windsor, Colorado 80550

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

The California Corporations Commissioner finds that:

1. In 2004 Proven Record, Inc., a Nevada corporation, began offering Saxbys Coffee franchises for the operation of a Saxbys Coffee shop selling coffee, gourmet pastries, bagels, and other related items.

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2           2.       On August 23, 2005, Saxbys Coffee, Inc. (Saxbys), a Georgia Corporation, with its  
3 principal place of business 84 Peachtree Street, Suite 801, Atlanta, Georgia 30303, acquired Proven  
4 Record, Inc. which included Saxbys Coffee franchise contracts, trademarks, manuals, and other  
5 assets.

6           3.       John Larson was chief global strategist of Proven Record, Inc. from March 2004  
7 through July 2005. Additionally, John Larson was Chief Operating Officer of Saxbys Coffee, Inc.  
8 and at all times relevant acted as one of its principal officers and directors in fact, exercising  
9 management responsibility and control with regard to all facets of its operations, including the  
10 franchises offered by the company.

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12           4.       Nick Bayer is President of Saxbys Coffee, and at all relevant times acted as one of its  
13 principal officers and directors in fact, exercising management responsibility and control with regard  
14 to all facets of its operations, including the franchises offered by the company.

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16           5.       Greg Bayer was Secretary and National Franchise Director of Saxbys Coffee, Inc., at  
17 all relevant times, and acted as one of its principal officers and directors in fact, exercising  
18 management responsibility and control with regard to all facets of its operations, including the  
19 franchises offered by the company.

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21           6.       On December 13, 2005, the Saxbys franchise registration application was approved by  
22 the California Department of Corporations, permitting the company to offer and sell franchises in  
23 California. The Saxbys franchise registration lapsed on April 20, 2006. Saxbys filed a renewal  
24 application for franchise registration on June 5, 2006. That application is currently pending.

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26           7.       From 2004 through December 2005, Proven Record, Inc. and Saxbys Coffee, Inc. sold  
27 a Saxbys Coffee franchise to a California investor, and entered into an area developer contract with,  
28 Tabsheer Shah, a California investor. Proven Record, Inc. and Saxbys Coffee, Inc. were not

1 registered under the Franchise Investment Law and was not exempted under Chapter 1, beginning  
2 with Corporations Code section 31100, of that law.

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4 8. From May 2006 through September 2006 Saxbys Coffee, Inc., sold eight franchises in  
5 California. Saxbys Coffee, Inc. was not registered under the Franchise Investment Law and was not  
6 exempted under Chapter 1, beginning with Corporations Code section 31100, of that law.

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8 9. Proven Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer, and Greg Bayer,  
9 Inc. failed to tell area developers and potential franchise investors that Saxbys was not registered to  
10 sell franchises in California.

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12 10. Proven Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer, and Greg Bayer  
13 failed to tell area developers and potential franchise investors that the South Dakota Division of  
14 Securities issued a Cease and Desist Order against Proven Records, Inc., Saxbys Coffee Franchising,  
15 John Larson and all officers and directors on October 13, 2004 for offering and selling franchises  
16 without registration.

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18 11. Based upon the foregoing findings, the California Corporations Commissioner is of  
19 the opinion that Proven Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer, and Greg Bayer  
20 sold franchises in California that were subject to registration under the Franchise Investment Law  
21 without first being registered, in violation of Corporations Code section 31110. Pursuant to section  
22 31402 of the Corporations Code, Proven Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer,  
23 and Greg Bayer are hereby ordered to desist and refrain from the further offer or sale of Saxbys  
24 Coffee franchises unless and until the offers have been duly registered under the Franchise  
25 Investment Law.

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27 12. Additionally, the California Corporations Commissioner is of the opinion that, Proven  
28 Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer, and Greg Bayer engaged in the offer and

1 sale of franchises in this state by means of a written or oral communication which includes an untrue  
2 statement of a material fact or omits to state a material fact necessary in order to make the statements  
3 made, in light of the circumstances under which they were made, not misleading in violation of  
4 section 31202 of the Corporations Code. Pursuant to section 31402 of the Corporations Code,  
5 Proven Record, Inc., Saxbys Coffee, Inc., John Larson, Nick Bayer, and Greg Bayer are hereby  
6 ordered to desist and refrain from the further offer or sale of franchises, including but not limited to  
7 Saxbys franchises by means of means of a written or oral communication which includes an untrue  
8 statement of a material fact or omits to state a material fact necessary in order to make the statements  
9 made, in light of the circumstances under which they were made, not misleading.

10 ADMINISTRATIVE PENALTY

11 13. Pursuant to section 31406 of the Corporations Code, Saxbys Coffee, Inc., are hereby  
12 assessed and ordered to pay an administrative penalty of five thousand dollars (\$5,000.00).

13 ANCILLARY RELIEF

14 14. Pursuant to section 31408 of the Corporations Code, Saxbys Coffee, Inc. is hereby  
15 ordered to pay Tabsheer Shah, \$30,999.92 plus royalty fees past due and any other fees that may  
16 become due and payable, as restitution for unpaid fees and services that Tabsheer performed pursuant  
17 to his contracts with Saxbys Coffee, Inc.

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

20  
21 Dated: May 14, 2007  
22 Sacramento, California

23 PRESTON DuFAUCHARD  
24 California Corporations Commissioner

25  
26 By: \_\_\_\_\_  
27 SHARON LUERAS  
28 Lead Corporations Counsel  
Enforcement Division