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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:)
)
13 THE COMMISSIONER OF BUSINESS) CONSENT ORDER
OVERSIGHT,)
14)
15 Complainant,)
)
16 v.)
)
17 SACRAMENTO NATURAL FOODS)
18 COOPERATIVE, INC.,)
)
19 Respondent.)
20)

21 This Consent Order (Consent Order) is entered into by and between the Complainant, the
22 Department of Business Oversight (Department), by and through the Commissioner of Business
23 Oversight (Commissioner) and Sacramento Natural Foods Cooperative, Inc. (SNFC) (hereinafter
24 collectively the "Parties"). This Order is made with reference to the following facts:
25

26 **RECITALS**

27 SNFC is a California corporation, formed September 25, 1973, with its principal place of
28 business at 2820 R Street, Sacramento, California 95816.

1 third parties that are not signatories to this Order or in any other proceedings except as expressly
2 permitted by this Paragraph 4 before the Department.

3 5. Certification: SNFC stipulates to undertake all appropriate steps designed to assure full
4 compliance with the laws of California in connection with the permitting of SNFC's offering and
5 selling of securities. SNFC acknowledges that failure to comply under this Consent Order shall be a
6 breach of this Consent Order and shall be cause for the Commissioner to take any action deemed
7 necessary, including immediately revoke any permits held by, and/or deny any pending application(s)
8 of SNFC, its successors and assigns, by whatever names they might be known. SNFC hereby waives
9 any notice and hearing rights to contest such revocations and/or denial(s) which may be afforded under
10 the CSL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any
11 other provision of law in connection with this action.

12 6. Administrative Penalties: SNFC agrees to pay to the Commissioner for full resolution
13 of the matter as described under Recitals in this Consent Order totaling \$6,000.00 (Penalties). Such
14 Penalties shall be paid by SNFC within 30 days of the effective date of this Consent Order. The check
15 shall be made payable to the "Department of Business Oversight" and
16 transmitted to the attention of: Accounting, at the Department of Business Oversight located at 1515
17 K Street, Suite 200, Sacramento, California, 95814. Notice of the payment shall concurrently be sent
18 to the attention of Joanne Ross, Senior Counsel, Enforcement Division, 1515 K Street, Suite 200,
19 Sacramento, California 95814.

20 In the event the payment due date falls on a weekend or holiday, the Penalties shall be due the
21 next business day. SNFC acknowledges that failure to timely pay the Penalties shall be a breach of
22 this Consent Order and shall be cause for the Commissioner to take any action deemed necessary,
23 including immediately revoke any permits held by, and/or deny any pending application(s) of SNFC,
24 its successors and assigns, by whatever name they might be known. SNFC waives any notice and
25 hearing rights to contest such revocation and/or denial(s) which may be afforded under the CSL, the
26 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
27 provision of law in connection therewith.

28 7. Future Actions by the Commissioner: Other than as to the matters resolved herein, the

1 Commissioner reserves the right to bring any future action(s) against SNFC and/or any of the officers,
2 directors, shareholders, or employees of SNFC for any and all unknown or future violations of the
3 CSL. Other than as to the matters resolved herein, this Order shall not serve to exculpate SNFC or any
4 of the officers, directors, shareholders, or employees of SNFC from liability for any and all unknown
5 or future violations of the CSL.

6 8. Effective Date: This Consent Order shall not become effective until signed by all
7 parties and delivered by the Commissioner's counsel by email to SNFC's counsel at
8 droke.michael@dorsey.com.

9 9. Consent Order Coverage: The Parties hereby acknowledge and agree that this Consent
10 Order is intended to constitute a full, final, and complete resolution of this matter as described in the
11 Recitals of this Consent Order. No other penalties, fines, or payments will be assessed by the
12 Commissioner. The Parties further acknowledge and agree that nothing contained in this Consent
13 Order shall operate to limit the Commissioner's ability to cooperate with any other agency, county,
14 state or federal, with any prosecution, administrative, civil or criminal, brought by any such agency
15 against SNFC based upon any of the activities alleged in this matter or otherwise.

16 10. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it
17 has received or been advised to seek independent legal advice from its attorneys with respect to the
18 advisability of executing this Consent Order.

19 11. No Other Representation: Each of the parties represents, warrants, and agrees that in
20 executing this Consent Order, it has relied solely on the statements set forth herein and the advice of
21 its own counsel. Each of the parties further represents, warrants, and agrees that in executing this
22 Consent Order it has placed no reliance on any statement, representation, or promise of any other
23 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
24 any other person or entity to make any statement, representation or disclosure of anything whatsoever.
25 The parties have included this clause: (1) to preclude any claim that any party was in any way
26 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
27 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

28 12. Modifications and Qualified Integration: No amendment, change or modification of

1 this Consent Order shall be valid or binding to any extent unless it is in writing and signed by all of the
2 Parties affected by it.

3 13. Full Integration: This Consent Order is the final written expression and the complete
4 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
5 between the Parties with respect to the subject matter hereof, and supersedes all discussions between
6 and among the parties, their respective representatives, and any other person or entity, with respect to
7 the subject matter covered hereby.

8 14. No Presumption From Drafting: In that the Parties have had the opportunity to draft,
9 review and edit the language of this Consent Order, no presumption for or against any party arising out
10 of drafting all or any part of this Consent Order will be applied in any action relating to, connected to,
11 or involving this Consent Order. Accordingly, the parties waive the benefit of Civil Code section
12 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a
13 contract should be interpreted most strongly against the party who caused the uncertainty to exist.

14 15. Counterparts: This Consent Order may be executed in any number of counter-parts by
15 the Parties, and when each party has signed and delivered at least one such counterpart to the other
16 party, each counterpart shall be deemed an original and taken together shall constitute one and the
17 same Consent Order. This Consent Order may be executed via original signatures exchanged by
18 facsimile or electronic means.

19 16. Headings and Governing Law: The headings to the paragraphs of this Consent Order
20 are inserted for convenience only and will not be deemed a part hereof or affect the construction or
21 interpretation of the provisions hereof. This Consent Order shall be construed and enforced in
22 accordance with, and governed by, the laws of the State of California.

23 17. Authority For Settlement: Each party warrants and represents that such party is fully
24 entitled and duly authorized to enter into and deliver this Consent Order. In particular, and without
25 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
26 enter into the covenants, and undertake the obligations set forth herein.

27 18. Public Record: SNFC hereby acknowledges that this enforcement action and Consent
28 Order will be a matter of public record.

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19. Voluntary Agreement: The Parties each represent and acknowledge that he, she, or it is executing this Consent Order completely voluntarily and without any duress or undue influence of any kind from any source.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Order on the dates set forth opposite their respective signatures.

Dated: February 20, 2019

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: February 7, 2019

By _____
DAN ARNETT, General Manager
Sacramento Natural Foods Cooperative, Inc.

Approved as to Form and Content

Dated: February 7, 2019

By _____
MICHAEL W. DROKE
Attorney on Behalf of
Sacramento Natural Foods Cooperative, Inc.