

1 retail juice and smoothie bars. The Juice Zone mission is to “provide customers with a healthy
2 alternative to traditional fast food that’s great tasting, convenient and nutritious.”

3 3. Eric Vaughn Garrison was one of the founders of Sacramento Juice Franchising
4 Corporation, and at all times from the date of its creation acted as one of its principal officers and
5 directors in fact, exercising management responsibility and control with regard to all facets of its
6 operations, including the franchises offered by the company.

7 4. Steven Wayne Camp, was one of the founders of Sacramento Juice Franchising
8 Corporation, and at all times from the date of its creation acted as one of its principal officers and
9 directors in fact, exercising management responsibility and control with regard to all facets of its
10 operations, including the franchises offered by the company.

11 5. In February 2003, the Department of Corporations approved Sac Juice to sell Juice
12 Zone franchises. Sac Juice renewed its application annually, and the Department of Corporations
13 approved its registration, every year since 2003. The current registration for Sac Juice to sell
14 franchises is effective from May 16, 2007 through April 20, 2008.

15 6. In October 2005 the Department of Corporations approved Sac Juice to sell
16 Development Agent franchises in California. Sac Juice renewed its application annually, and the
17 Department of Corporations approved its registration every year since 2005. The current registration
18 for Sac Juice to sell Development Agent franchises is effective from May 16, 2007 through April 20,
19 2008.

20 7. Beginning in 2003 for the franchise registration and beginning in 2005 for the
21 Development Agent franchise registration, and continuing each year since, the Department of
22 Corporations imposed a condition to the registrations, requiring that Sac Juice waive the franchise fee
23 for all new franchisees until Sac Juice met all pre-opening obligations for the franchisee and met all
24 obligations for the Development Agent franchisees. The Department of Corporations imposed this
25 condition to registration because it found that it was necessary to protect prospective franchisees
26 because Sac Juice failed to demonstrate that adequate financial arrangements had been made to fulfill
27 Sac Juice’s obligations to provide real estate, improvements, equipment, inventory, training, or other
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1 items. The Department of Corporations imposed this condition pursuant to Franchise Investment
2 Law Section 31113.

3 8. Sac Juice agreed to this condition and acknowledged it each year, including the
4 present franchise registration effective May 16, 2007 through April 20, 2008, by putting the
5 following language in the California Addendum to its Offering Circular,

6 “The Offering Circular, franchise agreement and development agent agreement are amended
7 to provide that initial franchise fee is paid when you complete training and we have fulfilled
8 our obligations for you to be ready to open for business.”

9 9. Sac Juice agreed to this condition and acknowledged it each year, including the
10 present Development Agent franchise registration effective May 16, 2007 through April 20, 2008, by
11 putting the following language in the California Addendum to its Offering Circular,

12 “The Offering Circular, franchise agreement and development agent agreement are amended
13 to provide that franchisees and development agents pay the initial franchise fee when training
14 is completed and we have fulfilled our obligations for you to be ready to open for business.”

15 10. Despite this condition, from at least 2004 to the present, Sac Juice collected at least
16 \$1.698 million in franchisee fees and in Development Agent fees from California franchisees before
17 Sac Juice met any of its obligations, in violation of Franchise Investment Law Section 31203. Some
18 franchisees never opened a store and some Area Development Agents never received royalties as
19 promised.

20 11. On September 24, 2007, Sac Juice, Eric Vaughn Garrison, and Steven Wayne Camp
21 each filed Chapter 7 bankruptcy in the United States Bankruptcy Court, Eastern District of California.
22 This bankruptcy leaves Juice Zone franchisees that gave thousands of dollars to Sac Juice prior to the
23 opening of their franchises with no store and no support to run their franchise. Accordingly, Juice
24 Zone, the franchisor, did not assist the franchisees.

25 12. From 2005 to at least September 2007, Sacramento Juice Franchising Corporation,
26 Eric Vaughn Garrison, and Steven Wayne Camp violated Franchise Investment law section 31200 by
27 willfully making untrue statements of material fact in the franchise registration applications, and
28 failing to notify the commissioner of any material change as required by Section 31123 by:

1 a) collecting franchise fees and Development Agent fees prior to fulfilling their
2 obligations, despite including the waiver of fees condition in the Offering Circular, and

3 b) failing to notify the commissioner that they were collecting fees prior to fulfilling
4 their obligations.

5 13. Based upon the foregoing findings, the California Corporations Commissioner is of
6 the opinion that Sacramento Juice Franchising Corporation, Eric Vaughn Garrison, and Steven
7 Wayne Camp, violated a condition to registration by taking fees prior to fulfilling obligations in
8 violation of Corporations Code section 31203. Pursuant to section 31406 of the Corporations Code,
9 Sacramento Juice Franchising Corporation, Eric Vaughn Garrison, and Steven Wayne Camp are
10 hereby ordered to desist and refrain from the further offer or sale of franchises including but not
11 limited to Juice Zone franchises in violation of 31203 in California.

12 14. Based upon the foregoing findings, the California Corporations Commissioner is of
13 the opinion that Sacramento Juice Franchising Corporation, Eric Vaughn Garrison, and Steven
14 Wayne Camp, willfully made an untrue statement of material fact in the franchise registration
15 application and failed to notify the commissioner of any changes in violation of Corporations Code
16 section 31200 and 31123. Pursuant to section 31406 of the Corporations Code, Sacramento Juice
17 Franchising Corporation, Eric Vaughn Garrison, and Steven Wayne Camp are hereby ordered to
18 desist and refrain from the further offer or sale of franchises including but not limited to Juice Zone
19 franchises in violation of 31200 and 31123 in California.

20 ADMINISTRATIVE PENALTY

21 15. Pursuant to section 31406 of the Corporations Code, Sacramento Juice Franchising
22 Corporation, is hereby assessed and ordered to pay an administrative penalty of forty thousand dollars
23 (\$40,000.00) for sixteen violations of Corporations Code Section 31203, twenty thousand dollars
24 (\$20,000.00) for eight violations of section 31123 and twenty thousand dollars (\$20,000.00) for eight
25 violations of Corporations Code Section 31200 or according to proof. All penalties are due and
26 payable 30 days after this order becomes final.

ANCILLARY RELIEF

16. Pursuant to section 31408 of the Corporations Code, Sacramento Juice Franchising Corporation is hereby ordered to pay restitution to all California franchisees, for collecting fees and not fulfilling pre-opening obligations in an amount of at least \$1.698 million or according to proof. All restitution is due and payable 30 days after this order becomes final.

17. Corporations Code Section 31406 states:

- “(a) If, upon inspection or investigation, based upon a complaint or otherwise, the commissioner has cause to believe that a person is violating any provision of this division or any rule or order promulgated pursuant to this division, the commissioner may issue a citation to that person in writing describing with particularity the basis of the citation. Each citation may contain an order to desist and refrain and an assessment of an administrative penalty not to exceed two thousand five hundred dollars (\$2,500.00) per violation and shall contain reference to this section, including the provisions of subdivision (c). All penalties collected under this section shall be deposited in the State Corporations Fund.
- (b) The sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.
- (c) If within 60 days from the receipt of the citation, the person cited fails to notify the commissioner that the person intends to request a hearing as described in subdivision (d), the citation shall be deemed final.
- (d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part I of Division 3 of Title 2 of the Government Code.
- (e) After the exhaustion of the review procedures provided for this section, the commissioner may apply to the appropriate superior court for a judgment in the amount of the administrative penalty and order compelling the cited person to comply with the order of the commissioner. The application shall include a certified copy of the final order of the commissioner and shall constitute a sufficient showing to warrant the issuance of the judgment and order.”

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

Dated: October 12, 2007
Sacramento, California

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division