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

TO: Narinder Mahal
Kanar Enterprises
1902 University Avenue
Berkeley, CA 94704

DESIST AND REFRAIN ORDER

(For violations of section 31110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Kanar Enterprises, Inc. is a California corporation that incorporated on January 18, 2002. Its principal business address 1902 University Avenue, Berkeley, California, 94704. Kanar Enterprises, Inc. is affiliated with Chaat Café, Inc.

2. Chaat Café Inc. is a California corporation that incorporated on September 12, 2003. Its principal business address is 41 Castledown Road, Pleasanton, California, 94566. Chaat Café, Inc. is engaged in business activities relating to the franchising of Chaat Café restaurants, which are café-style restaurants offering a variety of food.

3. Narinder and Kiran Mahal are the sole shareholders and directors of both Chaat Café, Inc. and Kanar Enterprises, Inc.

1 4. On December 20, 2002, Narinder Mahal, on behalf of Kanar Enterprises, Inc., entered into
2 a "License Agreement" with an individual named Sajid Amin. The License Agreement was entered
3 into in the State of California, and provides that Kanar Enterprises, Inc. owns and operates a café-
4 style restaurant known as Chaat Café, under the trademarks and service marks associated with Chaat
5 Café.

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7 5. Under the terms of the License Agreement, Kanar Enterprises, Inc. grants Mr. Amin an
8 exclusive license to establish and operate the business using the Chaat Café trademarks and service
9 marks. The term of the agreement is ten years, with automatic renewal periods of five years each. In
10 exchange for the exclusive license, Mr. Amin paid \$15,000 for the license, and is required to pay a
11 monthly service fee equal to a percentage of the gross sales. The monthly service fee is seven percent
12 of gross sales if the monthly gross sales exceed \$30,000, and six percent of gross sales if the monthly
13 sales are \$30,000 or below.

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15 6. According to the License Agreement, in consideration for Mr. Amin's payment of the
16 license fee and the monthly service fee, Kanar Enterprises, Inc. is to make available to Mr. Amin the
17 following:

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19 (a) The required standards for approved signs, displays, furnishings, and equipment;
20 (b) Licensing of the name "Chaat Café" in conjunction with the operation and promotion of
21 the business;
22 (c) Twenty-eight days of initial training in the operational aspects of the Chaat Café business;
23 (d) Site approval services;
24 (e) A confidential operations manual;
25 (f) An opening promotional program developed and implemented under the direction of
26 Kanar Enterprise, Inc.'s marketing department;
27 (g) Ongoing technical and operational support from company (Kanar Enterprises, Inc.)
28 headquarters;

- 1 (h) A standardized accounting, cost control system;
- 2 (i) At Kanar Enterprise, Inc.'s option, training seminars and meetings for continuing training
- 3 in the operational aspects of the business;
- 4 (j) Opening supervision and assistance from employees of Kanar Enterprises, Inc.;
- 5 (k) Such merchandising, marketing and advertising research data and advice as may be from
- 6 time to time developed by Kanar Enterprises, Inc.; and
- 7 (l) Other operational developments as may be from time to time developed by Kanar
- 8 Enterprises, Inc.
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10 7. The License Agreement requires that all advertising and promotions done by Mr. Amin
11 shall be done in conformity with and subject to the written approval of Kanar Enterprises, Inc. as to
12 form and content. In addition, Mr. Amin shall install and use upon the premises such furnishings,
13 furniture, signs and equipment as required by Kanar Enterprises, Inc., and shall conform to
14 reasonable standards of quality, quantity, design, size, color and other specifications that may be
15 required by Kanar Enterprises, Inc.

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17 8. The offer of franchises by Kanar Enterprises, Inc. in California has not been registered
18 under the Franchise Investment Law and is not exempted under Chapter 1, beginning with
19 Corporations Code section 31100, of that law.

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21 Based upon the foregoing findings, the California Corporations Commissioner is of the
22 opinion that the License Agreement between Kanar Enterprises, Inc. and Sajid Amin constitutes a
23 franchise. The California Corporations Commissioner is of the further opinion that Kanar
24 Enterprises, Inc. and Narinder Mahal have offered and/or sold franchises in California that were
25 subject to registration under the Franchise Investment Law without the offers and/or sales first being
26 registered, in violation of Corporations Code section 31110. Pursuant to section 31402 of the
27 Corporations Code, Kanar Enterprises, Inc., and Narinder Mahal are hereby ordered to **desist and**
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1 **refrain** from the further offer or sale of Chaat Café franchises unless and until the offers have been
2 duly registered under the Franchise Investment Law.

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

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7 Dated: January 11, 2005
8 Sacramento, California

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10 WILLIAM P. WOOD
11 California Corporations Commissioner

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13 By _____
14 WAYNE STRUMPFER
15 Deputy Commissioner
16 Enforcement and Legal Services

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