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

TO: Sacramento Juice Franchising Corporation File No.: 995-3331
Steven Wayne Camp 995-3824
Eric Vaughn Garrison
1380 Lead Hill Boulevard, Suite 106
Roseville, California 95661
www.sacramentojuicecompany.com

STATEMENT IN SUPPORT OF ORDER REVOKING FRANCHISE REGISTRATION
(Corporations Code section 31117)

The California Corporations Commissioner finds that:

1. Sacramento Juice Franchising Corporation (“Sac Juice”) is a California corporation that was formed on February 4, 2003. Its principal place of business is 1380 Lead Hill Boulevard, Suite 106, Roseville, California 95661. Sac Juice is a subfranchisor, as defined by Franchise Investment Law Section 31009, for Juice Zone Franchising Corporation (Juice Zone), a Delaware corporation. Sac Juice is also the Juice Zone subfranchisor for Nevada and parts of Arizona.

2. In February 2003, the Department of Corporations registered Sac Juice to sell Juice Zone franchises in California. Additionally, in October 2006, the Department of Corporations registered Sac Juice to sell Development Agent franchises for Juice Zone. Juice Zone franchises are retail juice and smoothie bars. The Juice Zone mission is to “provide customers with a healthy alternative to traditional fast food that’s great tasting, convenient and nutritious.”

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

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

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

9 6. In October 2005 the Department of Corporations approved Sac Juice to sell
10 Development Agent franchises in California. Sac Juice renewed its application annually, and the
11 Department of Corporations approved its registration every year since 2005. The current registration
12 for Sac Juice to sell Development Agent franchises is effective from May 16, 2007 through April 20,
13 2008.

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

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

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

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

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

7 10. Despite this condition, from at least 2004 to the present, Sac Juice collected at least a
8 \$1.698 million in franchisee fees and in Development Agent fees from California franchisees before
9 Sac Juice met any of its obligations, in violation of Franchise Investment Law Section 31203. Some
10 franchisees never opened a store and some Area Development Agents never received royalties as
11 promised.

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

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

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

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

25 Based upon the foregoing findings, the California Corporations Commissioner is of the
26 opinion that Sacramento Juice Franchising Corporation failed to comply with Sections 31123, 31200,
27 and 31203 of the Franchise Investment Law within the meaning of Corporations Code section
28 31115(a)(b) and (c).

1 For these reasons, the California Corporations Commissioner has determined that an order
2 should be issued pursuant to Corporations Code section 31115(a) revoking the current registration of
3 Sacramento Juice Franchising Corporation.

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5 Dated: October 12, 2007
6 Sacramento, California

7 PRESTON DUFAUCHARD
8 California Corporations Commissioner

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10 By: _____
11 Mary Ann Clark
12 Senior Corporations Counsel
13 Enforcement Division
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