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

TO: Salad Kings, Inc.
TossAcross
Keith Lawson
Greg Roberts
1759 East Elm Street
Springfield, Missouri 65802

DESIST AND REFRAIN ORDER

(For violations of section 31110 of the California Corporations Code)

The California Corporations Commissioner (“Commissioner”) finds that:

1. Salad Kings, Inc. (“Salad Kings”) is a Missouri corporation operating under the trade name TossAcross. Salad Kings sells franchised salad and smoothie restaurants throughout the United States. The Missouri entity is operated by Keith Lawson (“Lawson”) and Greg Roberts (“Roberts”). The TossAcross trade name has been in use since at least October 2006, and the corporate headquarters is located at 1759 East Elm Street in Springfield, Missouri.

2. Beginning in February 2008 or earlier, Salad Kings offered franchise opportunities to California residents through the websites www.toss-across.com and www.saladfranchise.net. The websites advertised that a TossAcross restaurant in Victorville, California was “now open” and that an additional store would be “coming soon” to Apple Valley, California. The websites stated that each TossAcross restaurant was “independently owned and operated.”

3. On or about March 25, 2008, in response to an inquiry from the Commissioner, Salad Kings filed a notice of exemption under section 31106 of the California Corporations Code. Salad Kings claimed that pursuant to subdivision (a)(3) of section 31106, the Victorville TossAcross restaurant was exempt from the registration provisions of the California Franchise Investment Law.

1 4. On or about March 26, 2008, the Commissioner demanded that Salad Kings provide
2 evidence to substantiate the section 31106 exemption claim.

3 5. On or about April 15, 2008, Salad Kings submitted documentation to the
4 Commissioner representing that the first and only TossAcross restaurant in the country had been
5 established in Victorville pursuant to a franchise agreement executed with a California resident on
6 October 14, 2006. Salad Kings contended that although it permitted the California franchisee to
7 continue to operate the TossAcross restaurant, it should be exempt from registration requirements
8 because the franchisee never paid franchise fees or royalties.

9 6. By letter dated May 20, 2008, the Commissioner notified Salad Kings that it could not
10 claim the section 31106 exemption because the October 2006 transaction did not qualify as an offer,
11 sale, or transfer of “an additional franchise to an existing franchisee.” The Commissioner further
12 noted that Salad Kings failed to file its exemption notice within 15 calendar days of the 2006 sale as
13 required by subdivision (b) of section 31106. Since the section 31106 exemption did not apply, the
14 Commissioner demanded that Salad Kings register the TossAcross franchise in compliance with
15 Corporations Code section 31110.

16 7. During June 2008, Salad Kings offered another California resident an opportunity to
17 take over the operation of the TossAcross franchise in Victorville.

18 8. On or about July 1, 2008, Salad Kings informed the Commissioner that the
19 TossAcross franchise in Victorville had been converted into a “corporate” store.

20 9. Salad Kings failed to disclose to the Commissioner that in November 2007 it had
21 offered and/or sold the opportunity to establish TossAcross franchises in Orange and Los Angeles
22 counties to another California resident.

23 10. Salad Kings, TossAcross, Lawson, and Roberts have not been registered to offer or
24 sell franchises under the California Franchise Investment Law.

25 Based upon the foregoing findings, the California Corporations Commissioner is of the
26 opinion that Salad Kings, Inc., TossAcross, Keith Lawson, and Greg Roberts have offered and/or sold
27 franchises in California. The California Corporations Commissioner is of the further opinion that
28 Salad Kings, Inc., TossAcross, Keith Lawson, and Greg Roberts have offered and/or sold franchises

1 in California that were subject to registration under the Franchise Investment Law without the offers
2 and/or sales first being registered, in violation of Corporations Code section 31110. Pursuant to
3 section 31402 of the Corporations Code, Salad Kings, Inc., TossAcross, Keith Lawson, and Greg
4 Roberts are hereby ordered to desist and refrain from the further offer or sale of franchises in this
5 state unless and until the offers have been duly registered under the Franchise Investment Law or are
6 found to be exempt.

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

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10 Dated: August 6, 2008
11 Los Angeles, California

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PRESTON DUFAUCHARD
California Corporations Commissioner

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By _____
ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division

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