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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF FRESNO

-oOo-

DELI DELICIOUS FRANCHISING, INC.,)

Plaintiff,)

vs.)

SAM SIAMAK NAMDARIAN, AKOO, INC.,)
and DOES 1 through 50, inclusive,)

Defendants,)
_____)

CASE NO. 20CECG02037

**CERTIFIED
TRANSCRIPT**

-oOo-

DEPOSITION OF HADI HOBAB

VIA VIDEO CONFERENCING

MONDAY, AUGUST 24, 2020

REPORTED BY: FLORENCE A. COLBY, CSR NO. 12433

DEPOS TO COURT, INC.
TRIAL PRESENTATION | VIDEOGRAPHY | COURT REPORTING

A P P E A R A N C E S

FOR THE PLAINTIFF:

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DEPOSITION ADMINISTRATOR: CHRIS NEAL

Deposition of HADI HOBAB, taken via video conferencing; on Monday, August 24, 2020; before Florence A. Colby, in and for the State of California.

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I N D E X

WITNESS: HADI HOBAB

EXAMINATIONS

PAGE

EXAMINATION BY MR. KHARAZI	4
EXAMINATION BY MR. SCHNEIDER	80
EXAMINATION BY MR. KHARAZI	148
EXAMINATION BY MR. SCHNEIDER	149
EXAMINATION BY MR. KHARAZI	154
EXAMINATION BY MR. SCHNEIDER	156

EXHIBITS

I.D.

EXHIBIT 1 - Deposition Notice	141
EXHIBIT 2 - Complaint of Lawsuit	141
EXHIBIT 3 - Complaint of Lawsuit	142

1 VIA VIDEO CONFERENCING

2 MONDAY, AUGUST 24, 2020

3 -oOo-

4 HADI HOBAB

5 called as a witness herein, having
6 heretofore duly sworn, testified as follows:

7 -oOo-

8 EXAMINATION

9 BY MR. KHARAZI:

10 Q. MR. KHARAZI: Good afternoon. We're on
11 the record of the deposition of Hadi Hobab.

12 Good afternoon sir. Would you tell us your
13 full name?

14 A. Hadi, H-a-d-i.

15 Q. Thank you. And Mr. Hobab, have you ever
16 been deposed before?

17 A. No, it's my first time actually.

18 Q. A deposition is a question and answer
19 session. I get to ask you questions, Mr. Schneider
20 will also get to ask you questions, but we can also do
21 an objection. Please allow us to have the record made.
22 So if I ask a question count to two or three before you
23 answer then let Mr. Schneider object if any, and then
24 you answer the question.

25 Are you -- do you have a lawyer representing

1 you this afternoon?

2 A. No, but -- yeah, no, not at this time.

3 Q. Now, the deposition that is being done
4 today is done under penalty of perjury. Everything you
5 say is going to be treated as if you were testifying
6 before a court, or a judge, or a jury, so you have to
7 treat it that way, okay?

8 A. Okay.

9 Q. With respect to your deposition, I am
10 entitled to your best estimate. I can ask you what
11 date events happen. Although you may not remember, you
12 have to give your best estimate if you do not know the
13 exact date. All right?

14 A. Okay.

15 Q. Okay. I am going to take a few minutes
16 pause, five seconds, maybe, just to pass the zoom
17 instructions to my client because he may be wanting to
18 listen in. But before I go do that, I want to let you
19 know, you can take breaks anytime, just answer the last
20 question pending before you take a break, okay?

21 A. You got it, thank you.

22 Q. Now, I know you are sitting in my
23 conference room across the hall, but I also talked to
24 you about your deposition before; is that correct?

25 A. Excuse me, again?

1 Q. I told you about coming here, and giving a
2 deposition?

3 A. Oh, yeah, yes.

4 Q. And so the record is clear, you are now
5 being sued by Deli Delicious; is that correct?

6 A. Yes.

7 Q. And when did you find out about that
8 lawsuit?

9 A. Honestly, I would say a couple months ago.

10 Q. And you asked me so I am sure
11 Mr. Schneider will ask you. You asked me to
12 potentially represent you in that lawsuit. However, I
13 haven't accepted because I wanted to take your
14 deposition so there wouldn't be any attorney, client
15 privilege issue, okay?

16 A. Okay.

17 Q. And after this, once Mr. Schneider is done
18 with his questioning, we can discuss your lawsuit
19 further, okay?

20 A. Thank you.

21 Q. All right. Do you have any questions
22 about the process?

23 A. No.

24 Q. If you are referring to any documents,
25 please put it aside, I'll copy it and give it to

1 Mr. Schneider.

2 A. No, I don't have any documents.

3 Q. You don't have any documents. Now, tell
4 me how old you are?

5 A. I am 44.

6 Q. And are you familiar with an organization
7 named Deli Delicious?

8 A. Yes.

9 Q. How are you familiar with Deli Delicious?

10 A. Well, I have been involved with them since
11 day one which is, I think it was summer of '95 in that
12 first location until a couple of years ago, actually.

13 Q. Okay. So when you say you were involved
14 with them, what was your role with the Deli Delicious
15 back in 1995?

16 A. Well, I kind of started that whole thing.
17 It was just me, and my mother used to work there too,
18 but everything was under me and my name until around
19 2003. So I pretty much was in charge of everything,
20 you know, especially operations, training, hiring
21 deposits, scheduling, everything that a business has to
22 do, I was in charge of it until 2002 or '03, I believe.

23 Q. Okay. I'm just going to go give these
24 Zoom instructions to my staff.

25 A. Okay.

1 MR. KHARAZI: Just a moment, please.

2 (Off the record.)

3 BY MR. KHARAZI:

4 Q. Okay, thank you. Back on the record,
5 please. We can hear you. Can you hear us okay? When
6 you say you were -- beginning when you were involved,
7 was the Deli Delicious a start-up business for you
8 guys, or was it already existing? In other words, did
9 you buy the sandwich shop from some other person?

10 A. Yes, it was purchased. It was a little
11 shop area, very small little mom's and pop's shop that
12 we purchased from Mr. Bijan Shayesteh.

13 Q. Okay.

14 A. In 1995.

15 Q. Can you spell that for us?

16 A. If I get it correctly it's, B-i-j-a-n and
17 S-h-a-y-e-s-t-e-h.

18 Q. When you bought this, was it already
19 called Deli Delicious?

20 A. It was called Deli Delicious.

21 Q. And it was a single-standing sandwich
22 shop, right?

23 A. Yeah, and the guy just wanted out. Sales
24 was very low, and we purchased it in 1995.

25 Q. And was the financing -- money came from

1 you and your mom?

2 A. Pretty much, yeah. It was a gift given to
3 me from my grandma, which we purchased the store, which
4 wasn't much at all. At that point it was, I believe
5 5,000, 6,000, \$7,000, something like that. He just
6 wanted out of the lease, you know, pretty much so...

7 Q. Is this that same store on Blackstone?

8 A. Yes, Bullard and Blackstone.

9 Q. Now, you and your mom ran that store?

10 A. Yeah, on and off, my mom, but full-time,
11 me. My mother and father were -- father was full-time
12 in Iran. Mother came and go here and Iran back and
13 forth.

14 Q. Did your father ever work in that store,
15 like actually come and make sandwiches?

16 A. No.

17 Q. Did he ever come in and cut or prep
18 sandwiches, anything like that?

19 A. Not until 2001 or '02 when he moved over
20 here, but he wasn't in the country until that, and then
21 it was very limited. If he came in, yeah, he came in,
22 and sometimes purchased when we were out of stuff,
23 cooked chicken once in awhile, but nothing like
24 operating the store.

25 THE PEOPLE: I am sorry. Just a quick

1 housekeeping matter. I just need to reserve the
2 corporation's right, so if you'll give me a moment on
3 the record. I don't mean to interrupt your flow of
4 conversation or your discussion, but I just want to --
5 Mr. Hobab, I am David Schneider. I represent DDFI --

6 THE WITNESS: I know who you are.

7 MR. SCHNEIDER: You and I have spoken once or
8 twice.

9 THE HOBAB: That's right.

10 MR. SCHNEIDER: I not trying to interrupt
11 Mr. Kharazi even though I just did. I just want to
12 remind you that you have duties of confidentiality
13 about the trade secret information, the operations, the
14 processes, things of that sort to Deli Delicious
15 Franchising, Inc., that survived your departure from
16 the company, and the corporation does not consent to
17 you sharing that information or disclosing it.

18 I have a copy of your franchise agreement that
19 you signed. I would like to make sure that it's your
20 signature on it and that the corporation does not
21 consent to you answering questions about its
22 confidential trade secret matters.

23 As well, I believe you were management, an
24 officer of DDFI at some point. We'll find out more
25 about it today, but you also have fiduciary duties of

1 loyalty that will be violated if you disclose
2 confidential trade secret information about the
3 corporation. So at this time, I would like to have
4 Sean Peterson share --

5 THE WITNESS: Is that the same lawsuit that
6 you have against me, is that the reason, or is that
7 something --

8 MR. SCHNEIDER: This is a whole different
9 lawsuit. This is one against Mr. Namdarian and Acoo,
10 Incorporated, regarding the use --

11 THE WITNESS: No. I mean the reason for your
12 lawsuit against me, is that because the same stuff that
13 you told me right now?

14 THE PEOPLE: There might be some overlapping
15 issues. I'm not talking about the other lawsuit. I am
16 just talking about this one.

17 THE WITNESS: Okay. I didn't know which one.

18 MR. SCHNEIDER: I am going to ask Mr. Peterson
19 to share with us the franchise agreement. I want to
20 have you look at it, and tell me whether or not that's
21 your signature, and then to have that document produced
22 as an exhibit. But you will incur liability to the
23 corporation if you disclose their trade secret
24 information, confidential information. So I just want
25 you take a look at it, and it's up to you whether you

1 proceed with the answer of the question. Okay?

2 THE WITNESS: Okay. That's why I am asking
3 the question. What's the liability? What are you
4 going to -- is that the same lawsuit that you have
5 against me, is that because of liability also because I
6 am sharing secrets, or what's going on, what's the
7 liability?

8 THE PEOPLE: There are overlapping issues.
9 But this lawsuit is a whole different set. Okay, this
10 one you may be asked questions that will seek
11 information about trade secrets, confidential processes
12 with DDFI that you came into the possession of just
13 through your association with DDFI. I just want to
14 remind you of those obligations to keep them
15 confidential, that information confidential. That the
16 corporation does not consent to you disclosing any of
17 their confidential trade secret information to any
18 third parties, that would include Mr. Kharazi and
19 Mr. Namdarian.

20 MR. KHARAZI: So the record is also clear, the
21 choice ultimately is yours, Mr. Hobab. If you do, Mr.
22 Schneider can indicate to his clients what his
23 positions are, but you have the right to answer my
24 questions. You have a right not to answer my
25 questions. You have a right to walk out, if you want

1 to. So having said all of that, I guess they are going
2 to show you a document that would have your signature
3 on it. Do you have that cued up, David? I can't hear
4 you.

5 THE WITNESS: Did you ask me a question?

6 MR. KHARAZI: No. Mr. Schneider is going to
7 be saying something.

8 MR. SCHNEIDER: I am sorry. Can you hear me
9 now?

10 MR. KHARAZI: Yeah.

11 MR. SCHNEIDER: So, Mr. Hobab, I believe if
12 you have a mouse or the touch pad on the computer you
13 are on, you should be able to go to the bottom of your
14 screen, and there should be a chat button, and then if
15 you press that, you should see what's identified as a
16 PDF identified as Hadi's franchise agreement; can you
17 find that?

18 THE WITNESS: No, I don't see it here.

19 MR. SCHNEIDER: Ty, can you see it?

20 MR. KHARAZI: You know, it says download.

21 It's not a downloaded document. It wants us to
22 download it.

23 THE PEOPLE: That's correct.

24 MR. KHARAZI: Can you do that, Chris.

25 MR. KHARAZI: Yes, perfect, there you go.

1 THE PEOPLE: It's a lengthy document. I mean,
2 you can turn and tell me if that's your signature on
3 various places of the document.

4 THE WITNESS: How do you turn the pages
5 because --

6 MR. SCHNEIDER: You scroll down. Maybe it
7 would be faster if you just -- Chris, can you help him
8 get to page 22?

9 THE WITNESS: Which franchise disclosure are
10 you showing me? I'm not in the union anymore. This is
11 from, like a few years ago. I'm not a franchisee as
12 far as I know.

13 MR. SCHNEIDER: Correct. So just give me one
14 second, Mr. Hobab. So, Chris, at the very bottom of
15 the page, you'll see numbers. Go to No. 22 on that,
16 please. So if you look at the title next to the letter
17 D, maintain confidentiality and proprietary
18 information?

19 THE WITNESS: Uh-huh.

20 MR. SCHNEIDER: So if you take a moment to
21 read that, and then also if you can identify whether
22 that's H.H., if Chris scans up just a little bit more,
23 it looks likes an intial. It does -- does that looks
24 like your initials?

25 THE WITNESS: It's a copy of something, but I

1 don't know.

2 MR. SCHNEIDER: Correct, it is a copy.

3 THE WITNESS: It looks like mine, yeah.

4 MR. SCHNEIDER: Okay. So take your time, and
5 look at the text of Section D, maintaining
6 confidentiality and proprietary information.

7 THE WITNESS: Okay. Thank you. You can just
8 keep going if you want.

9 MR. SCHNEIDER: Okay. And then there's a
10 couple more places, then we'll let you go. It's up to
11 you what you want to do with --

12 THE WITNESS: Yeah, I'll just save time and
13 keep going with the questions, if you can, please.

14 MR. KHARAZI: Okay.

15 MR. SCHNEIDER: Well, I want to make sure this
16 is his signature, so if you give one more moment to
17 make sure this is your signed document.

18 THE WITNESS: It doesn't really make a
19 difference either way, just --

20 MR. SCHNEIDER: Okay. Chris, can you scan
21 over to page --

22 THE WITNESS: How do I go back?

23 MR. KHARAZI: Well, let him do that, and then
24 we'll go right to the questions.

25 MR. SCHNEIDER: Yeah, I am not going to stop,

1 Mr. Kharazi. Chris, if you go to page 83, please, on
2 the bottom numbers, 83, it's a little number on the
3 bottom of the page.

4 Mr. Hobab, does that look like your signature,
5 a true and correct copy of it?

6 THE WITNESS: That looks like it, yes.

7 MR. SCHNEIDER: I'm going to ask you, also, if
8 you'd like to take a look at the rest of the document,
9 it explains your rights and obligations with respect to
10 the maintenance of the confidentiality of the
11 corporation.

12 THE WITNESS: I am not a franchisee of that
13 company --

14 MR. SCHNEIDER: I understand but per the --

15 THE WITNESS: Another person signed it, Rudy
16 Ang. He is the franchisee now, so...

17 MR. SCHNEIDER: I will just notify you that,
18 again, the choice is yours to proceed, but the duty,
19 the confidentiality extends the five years beyond the
20 conclusion of your relationship with DDFI.

21 THE WITNESS: Yeah, that's wrong too because
22 the dates might be wrong because I was a franchisee of
23 that store in 2011, so I should have had something in
24 2011 when I signed the agreement.

25 MR. SCHNEIDER: The document in front of you

1 --

2 THE WITNESS: That date doesn't -- that date
3 doesn't alarm me. I don't know what --

4 MR. KHARAZI: David, I think you made your
5 point. Move on.

6 THE PEOPLE: I'll move on in just one moment.
7 All right, then this is my last point on this. So, Mr.
8 Hobab, you --

9 THE WITNESS: If you're talking about this
10 particular franchise document, it was supposed to be --
11 I signed it sometime in 2011, not 2015, so it must've
12 been about nine years ago so...

13 MR. SCHNEIDER: Did you sign the document?

14 THE WITNESS: Rudy Ang is the -- that's my
15 signature, I think so.

16 MR. SCHNEIDER: Okay. And then there's also
17 --

18 MR. KHARAZI: Time out you guys. This is my
19 depo. I have given you the leeway. I'll give you
20 three minutes to wrap that up.

21 MR. SCHNEIDER: I won't need that long time.

22 THE WITNESS: I'm ready to answer the
23 questions too, either way, like --

24 MR. SCHNEIDER: That's fine, Mr. Hobab. I
25 just wanted to make sure. I'm just trying to lay it

1 all out for you. Schedule 9 of this document on page
2 96. You can look at it or you can choose not to. It's
3 a separate confidentiality agreement, and I'll
4 represent to you these obligations extend five years
5 beyond your departure from DDFI, and we're still within
6 that five years, and the corporation does not consent
7 to you exposing confidential trade secret information.

8 Now, if you want to proceed, you're welcome.

9 MR. KHARAZI: Okay. Are you ready to go,
10 Mr. Hobab?

11 THE WITNESS: Yes.

12 BY MR. KHARAZI:

13 Q. Okay. Now, how old were you when you
14 purchased this Deli Delicious store?

15 A. 20 -- 19, 20 years old.

16 Q. So -- and then you worked for the company
17 until when?

18 A. Until I was actually in the Board until
19 the end of 2018, I believe.

20 Q. So, 28 years?

21 A. 2018, so 23 years.

22 Q. Oh, I thought you started in 2000 --

23 A. 1995

24 Q. 2002?

25 A. Again, what do you mean as far as -- I

1 have been involved since 1995, since the opening of the
2 store.

3 Q. So you said back in 1995, you opened up
4 the first store?

5 A. Uh-huh.

6 Q. And then you went all the way up to 2018?

7 A. Yes.

8 Q. So that's like 28 years, 25 years, right?

9 A. 1995 to 2015 makes it 20 years, right, so
10 23 years, 22, 23 years.

11 Q. During that 23 years, did you have any
12 other jobs?

13 A. No. No.

14 Q. Would it be accurate, you poured your
15 heart and soul into this organization?

16 A. Absolutely.

17 Q. So when you opened up this Deli Delicious
18 restaurant in 1995, were you the sole owner?

19 A. Yes.

20 Q. And then you said until 2003, what
21 happened in 2003?

22 A. I mean, it's a long story of what exactly
23 happened, but I had to file -- at the end of it, I had
24 to file bankruptcy, and put everything in my dad's name
25 because he suggested so, and one of his other friends

1 named Mr. Heidadi. I think it's the same Heidadi that
2 had -- but yeah, his name was Mr. Heidadi. Him and my
3 dad -- Mustafah Heidadi and my dad. I was only, what
4 24 or 25 years old, so I just listened, listened to the
5 father, you know, and filed bankruptcy, and put
6 everything in his name because of different reasons, I
7 don't know. Sorry about that.

8 Q. That's okay. Mustafah Heidadi and your
9 dad convinced you to file to bankruptcy to wipe out a
10 bunch of debt, I assume, right?

11 A. Like, yeah, you could say that, and some
12 other lawsuits that were coming from equipment
13 companies suing me because of some other stuff that
14 happened when my father decided to open another store
15 on Belmont somewhere. This was way before we were in
16 franchising. So officially, that was our second store,
17 but it's not listed anywhere, but what happened was the
18 equipment company filed some kind of a suit, and they
19 told me this was the best way was to put everything in
20 my name and file for bankruptcy.

21 Q. So a second store on Belmont. You said
22 it's not there anymore?

23 A. No, that closed quickly that same year,
24 not even a year.

25 Q. Whose idea was it to open a second store?

1 A. My dad, and back then his advisor was
2 Mustafah, so them two.

3 Q. Was it a site that was a problem, was it
4 the location?

5 A. Oh, yeah, it was the location, the site.
6 It was on Belmont and somewhere that it was not for
7 sandwich eaters, you know.

8 Q. So when filed for bankruptcy, you had two
9 stores, or just one?

10 A. Just one.

11 Q. Okay. In preparation of that, you
12 transferred the store to your father?

13 A. Yes.

14 Q. And how long before you filed bankruptcy,
15 you did that?

16 A. I want to say just -- this was happening
17 simultaneously, so maybe six months before it until the
18 bankruptcy got approved and everything, but this was
19 like six months, seven months before it. It went
20 quickly.

21 Q. Did your dad take over the operation of
22 the Blackstone store after you filed for bankruptcy?

23 A. No.

24 Q. Did you continue work as you were?

25 A. Yes.

1 Q. Did you get a salary or still getting
2 draws?

3 A. Just draws.

4 Q. You didn't have a salary structure at the
5 time, I assume, for the one store?

6 A. No.

7 Q. Isn't it true that therefore nothing
8 happened post bankruptcy that wasn't there before
9 bankruptcy with you at least, the operating store?

10 A. No, nothing happened. Just in 2004 which
11 was -- or '05, which was a couple of years after the
12 bankruptcy, we opened another store which was the
13 second store.

14 Q. Where did you open up a second store at?

15 A. First and Herndon. And I moved to that
16 store, and that was my store pretty much, and dad and
17 my mother just took over that first store, but I was
18 still involved as a hiring, operations, vendors,
19 ordering, all that stuff. I was still involved in no.
20 1.

21 Q. Where were you buying your bread from in
22 2000 when you first started in '95?

23 A. Bask Bakery.

24 Q. And would it be accurate that continued on
25 until at least 2015, 2016?

1 A. Yeah, even past that, maybe '17, and some
2 of '18, '17, yeah.

3 Q. Any problem with the Bask Bakery bread in
4 that 22, 23 years?

5 A. Problems as far -- no, never. I mean,
6 their bread was good, yeah.

7 Q. No quality problem?

8 A. No. Once in awhile the bread would -- I
9 mean they would replace it right away. Sometimes the
10 bread had issues. They would come and replace it right
11 away, but nothing -- nothing major at all.

12 Q. They would give you credit for the bad
13 bread?

14 A. Yeah.

15 Q. So say out of a 1,000 loaves of bread you
16 would buy from them, how many would have problems,
17 quality problems?

18 A. Maybe ten.

19 Q. Less than one percent?

20 A. Yeah.

21 Q. So we have two stores, and then was there
22 a third store that you all opened up?

23 A. Yeah, third store was Willow and Nees
24 which opened up later. I don't remember the year, but
25 2006 -- '05, '06, somewhere around there.

1 Q. And who was operating that one?

2 A. My mother was that one. But, again, I was
3 involved in all kinds of the operations, the training,
4 the menus, the vendors, what comes in, what goes,
5 hiring, all that stuff.

6 Q. And then, is it no. 4?

7 A. No. 4, yeah. Palm and Nees came in 2006,
8 '07, I believe.

9 Q. Palm and Nees?

10 A. Palm and Nees.

11 Q. Oh, it's over by Mr. Schneider's office
12 over there on the Bluffs?

13 A. I believe so, yeah.

14 Q. And that was the store that was owned by
15 you guys too?

16 A. It was company owned -- well, there wasn't
17 a corporate or anything back then, but it was owned, I
18 think, by my brother, or my dad, both of them.

19 Q. That's brother, Hasem?

20 A. Yes.

21 Q. We're going stick to moneys to invest at
22 this time. We have gone from one store to four stores.
23 Where did the money come from to invest in these
24 stores?

25 A. I mean, loans, home lines of home equity,

1 which we had a home back then, loans, basically, and
2 the costs weren't as high as anybody thought because
3 there was -- we picked locations that, I think, no. 3
4 and 4, we picked locations that were already -- like a
5 landlord helped out with TI, and so on, and so on.
6 Some had restaurants in them before so cost was lower,
7 and at that time, I think my brother helped out with
8 the build-out of some of them too, so...

9 Q. Did your -- these loans that you took out
10 to pay for these extensions were they being paid by the
11 restaurant business?

12 A. I believe, yeah. I believe so.

13 THE PEOPLE: What time are we in, Ty? I'm
14 just trying to see my bearing.

15 BY MR. KHARAZI:

16 Q. Yeah, sure. What time frame are we
17 talking about now?

18 A. 2006, '07. I am not sure completely, but
19 that's the No. 4 store. It opened around that time.

20 Q. At this point, other than Deli Delicious,
21 did your parents have any other source of income?

22 A. No.

23 Q. What about your brother, Hasem, did he
24 have any other source of income?

25 A. No.

1 Q. There's another brother, Sahad. How old
2 was he around 2005, 2006?

3 A. He was around 20, maybe.

4 Q. Did he have any other source of income?

5 A. No.

6 Q. Would it be accurate to say that all the
7 money that was paid for these loans came from the
8 income that Deli Delicious restaurant provided?

9 A. Pretty much, yeah.

10 Q. Okay. So when was the corporation formed?

11 A. If I am not mistaken, 2009, 2010 is when
12 the franchise got approved to sell franchisees.

13 Q. Had you had any additional stores between
14 -- after No. 4 until your franchise got approved; would
15 you say?

16 A. Yes, we had eight stores, eight stores
17 when -- before the franchise got approved.

18 Q. Now, the franchise disclosure document
19 that my client received from Deli Delicious says that
20 Mohammad Hobab was the founder of Deli Delicious; is
21 that true?

22 A. I mean I told you what exactly happened.
23 You know, it was me in 1995 until when I filed for
24 bankruptcy, that's when my dad had all the ownership of
25 everything. I mean until then, my dad wasn't even in

1 the country as much. Once in awhile he would come and
2 stay a couple of months, and leave, you know. He
3 wasn't in the country full time until 2001 and '02.

4 Q. What did your dad do when him and your
5 mother met?

6 A. He had textile factories, just one factory
7 actually. I remember he was in the factory business.

8 Q. Well, was he in the food business at all?

9 A. No, no. This was textile like for making
10 rugs. He's made the strings that made rugs, and
11 clothing, and stuff like that.

12 Q. Would it be accurate to say that Deli
13 Delicious was his first food-based business for your
14 dad?

15 A. In that form, yeah.

16 Q. All right. So when the company went
17 corporate, what did you do with the eight stores you
18 had, did you keep them all, what happened?

19 A. Can we go back? I remembered something, I
20 am sorry to cut you off.

21 Q. Sure.

22 A. We did purchase -- when my dad came here,
23 he had a partnership with one, it was called -- this
24 was in 1990 or so, partnership in -- it was a Liquor
25 Store so, it was called International Food and Deli,

1 but there was no Deli. It was just basically a liquor
2 store. He had a partner, and he was there for three
3 months or so, if that's a food business, if you want to
4 call it, three or four months, and then he sold it to
5 that partner. Something happened and he sold it. I do
6 remember that.

7 Q. Thank you. Did he ever work in that
8 International Food and Deli?

9 A. You know what, I was young, so I remember
10 I used to work there too on the cash register, but as
11 far as working, I don't know. He was an investor, but
12 my mother was working there, I was working there. He
13 couldn't have done much, but, yeah, he might have --
14 working you mean behind the counter working or --

15 Q. Yeah, in any capacity. Going and buying
16 products, whatever?

17 A. Yeah, he did buy products. When we were
18 out of products he did, just like what he did right
19 now.

20 Q. Did he speak English, does your dad speak
21 English?

22 A. Not much of it, no.

23 Q. Would it be accurate to say that you were
24 devoting your full-time attention to these stores until
25 the franchise was formed?

1 A. Yeah.

2 Q. And then did you dispose of any of the
3 eight stores after the franchise?

4 A. Did we dispose?

5 Q. Right. Did you sell any of them, pass
6 anything along, what happened to the eight stores?

7 A. Yeah. Well, we passed them along way
8 before we became a franchise, I don't know.

9 Q. You mean you sold them out?

10 A. We sold them out to some of our employees,
11 and some -- I think No. 8 was the Heidadi's. We sold
12 to them before we were franchised. No. 5 was Omar. We
13 gave that to him before we were a franchise. No. 6 was
14 another employee that worked for us for ten years, and
15 she bought that store, No. 6, which was, I think, on
16 Shaw and Marks. Yeah, so there was a few stores like
17 that.

18 Q. So when you say you --

19 A. I had one store back in, which was the No.
20 2 store. So that wasn't in my name, but it was all --
21 everything was owned by my dad at that so... how do you
22 say it, everything was owned by him, but I don't know.
23 He sold them -- I really don't know how exactly, but he
24 was in charge of the bank accounts, and these people,
25 were added on as banks account that came in and

1 invested. Some kind of deal like that.

2 Q. Now, with respect to these seven or eight
3 stores that they were sold, were they given licenses,
4 were you charged a franchise fee? What was their
5 relation to Deli Delicious before it was franchised, or
6 was this given away?

7 A. They were just purchased, but them of
8 course, not given to them, maybe one of them.
9 Everything was still under my dad. So they would pay
10 taxes as Hesam and my dad did the bookkeeping back
11 them. They had control of -- at every stage of it,
12 they had control of all the funds and banking and all
13 that stuff. They did a lot of stuff that I wasn't
14 involved in as far as financial goes, but I do know
15 that everything was under my dad's name. And I myself
16 -- if I can give you my experience was every time a tax
17 or EDD tax or some kind of organization tax was due, I
18 would the write the check to my father, not to the
19 taxing agency, you know, and he would supposedly take
20 care of the taxes. That happened until 2009 and '10
21 which is when we became a franchise. Not only me,
22 everybody else did it the same way.

23 Q. So all the food licenses, all the
24 operating, everything was in your dad's name?

25 A. Yeah.

1 Q. Even though he wasn't operating any of
2 those stores, none of these stores, maybe one or two
3 with your family, right?

4 A. Yeah, well, one, two, maybe three stores,
5 and then one, I had one.

6 Q. And the sales tax application, or sales
7 tax permit was under your dad's name?

8 A. Yes, I believe so.

9 Q. And he would come in every month or
10 quarter and collect the money from these people and pay
11 the taxes?

12 A. I believe that's how -- I don't know
13 exactly the process of how he collected, but that's how
14 it was done, yeah. I don't know if it was gone from
15 their bank accounts, or they came and gave a check to
16 the office back then or -- I know myself, I wrote a
17 check to my dad and gave it to him.

18 Q. But you didn't have a franchise system
19 going at the time?

20 A. No.

21 Q. Were you guys, or was your dad charging
22 them a franchise fee even though there was no
23 franchise?

24 A. I don't believe so. Not to my knowledge,
25 no. Again, my knowledge of the financials was very

1 limited, if you might say. I was in charge of
2 everything else, but the banking and financials only
3 for my own stores until I left until 2000 -- end of
4 2018.

5 Q. So a franchise is formed, you have three
6 stores. What happened to those other five stores, do
7 they become a part of this franchise system?

8 A. Yep, came into the office one by one
9 including myself, and we signed documents, and we
10 became franchisees.

11 Q. And they agreed to pay you six percent or
12 two percent of whatever?

13 A. Yep, yep, up to that point. I believe,
14 the first one starting paying -- the first payment we
15 got was the end of 2010, beginning of '11, if I am not
16 mistaken, maybe 2010 or '11, between '11.

17 Q. So at that time, you have five outsider
18 stores, and three insider stores, right, in 2010, 2011?
19 By outsider, I mean stores that are owned by others?

20 A. Yeah.

21 Q. And then you left in end of 2018?

22 A. Yeah.

23 Q. And how many stores were operating when
24 you left?

25 A. Don't quote me, but in the mid to high

1 50s.

2 Q. Okay. So about 40 additional stores were
3 created in that seven or eight years -- excuse me,
4 2011, yeah, seven or eight years, right?

5 A. Yes.

6 Q. Now, what was your title at the Deli
7 Delicious Franchising, Inc, DDFI?

8 A. I was the COO, chief operating officer.

9 Q. And did you have a boss?

10 A. A boss, I mean everybody -- yeah, my dad
11 was supposedly the president and CEO, so he would be my
12 boss, yeah.

13 Q. Did you have a Board for the company?

14 A. Yeah.

15 Q. Who were the members of the Board in 2011?

16 A. Our family members, my two brothers, my
17 mother, my father, and Mr. Ali Nekumanesh.

18 Q. And how often did you have Board meetings?

19 A. I mean back then, we had them quite often.
20 At least once a month.

21 THE PEOPLE: I am sorry, Mr. Kharazi, what
22 time frame are we talking about? I just want to make
23 sure my notes are correct.

24 BY MR. KHARAZI:

25 Q. 2010 to 2011, you are talking about,

1 right, Hadi?

2 A. I mean you said until 2018 or so? Yeah,
3 we had 50 stores, and if there was a Board, yeah. The
4 Board started right away from the beginning when we
5 became franchises, 2011, '12, somewhere around there,
6 and we were all on the Board, Ali Nekumanesh was on the
7 Board too.

8 Q. What was Ali's title at the time?

9 A. He was brought on as a consultant, I
10 believe, part time, advisor, consultant. First year or
11 so he was there, that was his title.

12 Q. And did that expand in any way, did his
13 title expand in any way?

14 A. It changed quite a bit during the time
15 that I was there, so he was the chief compliance at
16 point. He was the executive vice president, maybe
17 simultaneously both of them at the same time. He was
18 still the advisor and consultant, yeah, so...

19 Q. Do you know what period of time Mr.
20 Nekumanesh was the chief compliance officer?

21 A. I don't know right now what his title is,
22 but until I was there maybe five years before that it
23 started.

24 Q. Is somewhere between 2013 to 2018 he was
25 the chief complaint officer?

1 A. Yeah.

2 Q. Thank you. And do you know what the
3 function of the chief compliance officer was or is?

4 A. I mean, I know what the function is, but I
5 maybe I didn't know back then as much as now but, yeah.

6 Q. What was he expected to do, what direction
7 did you all give him that the chief compliance officer
8 should do?

9 A. You know, the directions were made by him.
10 There was no directions given to him by anybody, but he
11 came in, and he made his own position there, you know.
12 He was supposed to do everything. He was doing
13 everything pretty much.

14 Q. Did he develop any new products for the
15 company?

16 A. No, everything but operations. He would
17 be mostly in the office reading pieces, dealing with
18 legal issues, mostly that type of stuff. But as far as
19 anything with the food or anything like that, no, he
20 wasn't involved much in that.

21 Q. Did your dad, Mohammad, develop any food
22 items for the company during your tenure with the
23 company?

24 A. No.

25 Q. What about your mom?

1 A. No.

2 Q. What about your brother, Hesam?

3 A. No.

4 Q. With respect to the distribution of the
5 food products, like chips, and bread, and pickles,
6 et cetera, who in the company had that responsibility
7 between the years 2013 to 2018?

8 A. Everything was done by me as far as food,
9 systems, operations, creating new products, putting
10 menus together, putting the POS, everything was created
11 by me until Foad came along at that time. He helped a
12 lot too after he came, and then a couple other people
13 came after that, and they had their takes on it too,
14 their addition.

15 Q. Sometime in that five-year span or
16 six-year span, you all switched bread. So I want to
17 know when was the first time you recall in your mind
18 the issue of bread was discussed with the Board?

19 A. The bread as far as the new bread, DD
20 bread.

21 Q. Yes, DD bread.

22 A. My dad always had that in his mind from
23 maybe 2014. It was brought up in the Board meetings.
24 It was brought up in the Board meetings, just regular
25 meetings.

1 Q. Why the bread, why not go after the
2 cheese, or even the -- you know, your dad was in the
3 textile business, things of design, things of that
4 sort, why the bread?

5 A. You know what, I really don't know his
6 reasoning. All I know, I was against the whole thing
7 from day one, but I don't know why he would do
8 something like that, even though I gave him many times
9 my reason why he shouldn't do that, but I don't know.

10 Q. Was there any dissatisfaction with the
11 Bask's bread bakery bread in that time period?

12 A. Dissatisfaction as far as --

13 Q. Quality, distribution --

14 A. No, never, never.

15 Q. Was it because of money? He wanted to
16 corner the market, you can't sell a sandwich without
17 the bread; was that the reason?

18 A. I mean, yeah, maybe. I don't know because
19 a lot of stuff happened. A lot of talks happened
20 without me in there too so... because I was against it.
21 I really showed it too that I was against the bakery,
22 you know. And it never passed in the Board review. It
23 never got approval as far as I remember in the Board of
24 directors.

25 Q. I can represent to you, and I think you

1 know that I took Mr. Nekumanesh's deposition before
2 yours, and he testified you missed quite a few Board
3 meetings; is that true?

4 A. I never -- no, there was other people that
5 missed a lot, my mother, my brother, even Hesam, my
6 dad. Me, myself and Ali Nekumanesh, we never missed,
7 no.

8 Q. So do you have an independent recollection
9 that the bread was approved by the Board?

10 A. I know it wasn't. I mean, Mr. Nekumanesh,
11 himself was one of the ones that voted no, or was
12 saying that maybe this is not a good idea, you know, at
13 that time. My mother, I know she wasn't for it. My
14 younger brother, which they were all on the Board too,
15 they were against it. That's why, according to my
16 knowledge and my -- what I remember, it didn't get
17 approved inside the Board.

18 Q. Do you know -- well, you would know. Why
19 were you objecting to the bread?

20 A. Why was I objecting the --

21 Q. To the bread, to the DD Bakery's bread?

22 A. Because we didn't have any problems. Why
23 change something that is top quality. This guy has
24 been delivering bread to us for a long, long time. He
25 was one of the reasons why we became so popular. I

1 didn't see any reason behind it other than I remember
2 mentioning that franchisees aren't going to see this
3 the right way either, because one of my main reasons
4 because of it is that I felt what's going to happen is
5 that they are not going to trust us anymore basically.
6 That's why -- one of the main reasons that I was
7 against it. Why are we selling or own bread when there
8 is a good bread bakery that's delivering to us for the
9 last however many years we've been, and without telling
10 them or anything why should we do that. That's my main
11 point of why I didn't want the bakery to be.

12 Q. Well, would it be accurate to say that the
13 bread thought was being percolated around the Deli
14 Delicious Franchising, Inc., at least around 2015, 2016

15 A. Yes, at least.

16 Q. Did that ever get disclosed to any
17 prospective franchisee, that hey, we are thinking about
18 making our own bread?

19 A. Not really.

20 Q. So we move along, and the bread is made.
21 So there's a bakery now. Whose idea was it to build a
22 bakery?

23 A. I believe my dad and my brother.

24 Q. Which brother?

25 A. Hesam.

1 Q. Did you ever explore maybe we should
2 contract with another bakery, and give them our recipe?

3 A. Yes, we did, and we did have one bakery in
4 the bay area when we opened stores over there, and we
5 had them for awhile until those stores kind of -- I
6 don't know what happened there, but Bask picked up
7 those accounts too because -- but we did. We were
8 always looking for -- because we always had a thing
9 that one supplier -- you need more than one supplier
10 just in case, you know. So there was never a -- yeah.

11 Q. So you move along, and did you get -- how
12 did you come up with a recipe of the bread? I don't
13 want you to tell me the recipe. I just want you to
14 come out, where did you get the recipe?

15 A. I mean we had all -- I don't know what
16 they did because the bread factory, and the whole thing
17 of them switching bread, it all happened after I left.
18 But until I was there, we had Al give us recipes of the
19 bread. We had all that stuff in our control, you know.
20 We had recipes, and we had all that stuff from Al.
21 What goes in the bread, what doesn't. Everything was
22 given to us by him.

23 Q. By Al, you mean Al Lewis.

24 A. Yeah, Al Lewis. We requested it. We said
25 we needed it for our books just to have, you know, and

1 he agreed to give it to us.

2 Q. I have been told by my client, and
3 Mr. Lewis, that they told him that they needed this
4 information so they can put the official material
5 together; was that true?

6 A. Yeah, one of the reasons was that, yeah.
7 I know was one of the main reasons, yeah.

8 Q. And as you sit here today is the recipe
9 for the DD's bread the same, different, or identical
10 to that of Mr. Lewis'?

11 A. I couldn't tell you because I still
12 haven't tasted that bread. I don't know if I have or
13 not, but -- what do you mean as far as the same looks,
14 or taste, or --

15 Q. Taste, does it taste the same?

16 A. I don't know. I am pretty I sure it can't
17 taste the same as Bask Bakery's but --

18 Q. So do you feel that the frozen bread that
19 DD's Bakery sells is the same quality as the fresh
20 bread that the Bask Bakery sells?

21 A. No, I don't think so.

22 Q. Have you ever tried to use the frozen
23 bread of the DD's Bakery to make a sandwich?

24 A. Myself?

25 Q. Yes.

1 A. No. As I said, the bread thing came along
2 after I left. We didn't have the DD's Bakery when I
3 was there. The only choice was Bask Bakery.

4 Q. I asked Mr. Nekumanesh if there was ever a
5 taste test done. Do you know if there was ever a taste
6 test done for the frozen DD's baked bread?

7 A. When I was there, no. I don't recollect
8 any time that that was done.

9 Q. Was there ever a market research done?

10 THE PEOPLE: This question calls for
11 speculation.

12 BY MR. KHARAZI:

13 Q. Thank you. The question I am asking you,
14 Hadi, is that did they ever sell that frozen bread in
15 stores to see what the market research -- what the
16 customer reaction was?

17 A. Not that I know of, no.

18 Q. So would it be accurate to say that after
19 the bread manufacturing process started, you were no
20 longer with the company?

21 A. I was not with the company when it opened
22 and started sending bread out to stores. No, I wasn't
23 there.

24 Q. Were you involved with the discussions of
25 how to force the franchisees, or to tell them to buy

1 the DD's bread?

2 A. Again, no, I wasn't there in that point of
3 time.

4 Q. Now, so you wouldn't know how many
5 franchisees resented, or opposed, or resisted the
6 bread; is that correct?

7 A. I didn't know -- can you repeat it again?

8 Q. You would not be able to testify one way
9 or another if the franchisees resisted the new bread;
10 is that correct?

11 A. I wouldn't be able to testify, yeah, but I
12 hear stuff all the time from public news, franchisees
13 that still call me. I have no -- but, yeah, I still
14 hear this kind of stuff, but --

15 Q. The franchisees that does contact you,
16 what is their gripe, specifically with respect to
17 bread, if anything?

18 A. What is their --

19 Q. What is their problem, if anything, with
20 respect to the bread?

21 A. I mean, I am pretty sure most of them if
22 not -- if I was there myself would be the frozen status
23 of it, you know, that's the main thing. I don't know
24 what the quality is because I have never tried it, but
25 if it's coming to me frozen, that's one of the main

1 things that we didn't want. There was a time where we
2 talked about eliminating freezers altogether from the
3 store, and the only reason we couldn't do that is
4 because of the french fries. We almost got to that
5 point. We were very adamant about no freezer products
6 anywhere because our theme was for awhile fresh, you
7 know, and everything was diced the day of, everything
8 was sliced the day of. Bread came in fresh every day,
9 so of course the frozen thing was just a main, main
10 issue. Again, other stuff other than that too, but the
11 quality is not the same. It breaks too easy, I have
12 heard this kind of stuff from these franchisees that
13 contact me.

14 Q. Falls apart too fast --

15 A. Yeah, the taste is not the same.

16 Q. Have they described what the taste
17 different is like? Is it dryer, wetter, I don't know?

18 A. Nothing specifically. They just said it's
19 a problem, you know. I am pretty sure, again, I know
20 one of their main issues was the frozen status that
21 they complained about it. But specifically they didn't
22 share, or it didn't get to that point.

23 Q. Sometime between the 2012 and 2018, Deli
24 Delicious went to an electronic menu board; is that
25 correct?

1 A. Yes -- not 2011, maybe in more like 2014
2 and on.

3 Q. And was it required of all the franchisees
4 to have the electronic menu board?

5 A. For awhile, no. When I was there it
6 wasn't a requirement. For awhile it was an option to
7 do that. Yeah, they were told if you could do that, it
8 would be better for your store, and a lot of them did,
9 a lot of them didn't, you know.

10 Q. Do you know were you there when it did
11 become a requirement, if at all it became a
12 requirement?

13 A. I was not there when it became -- no,
14 mandatory, no, I was not there.

15 Q. Now, based on my information, the store on
16 Blackstone and Bullard still doesn't have an electronic
17 menu; do you know why that is?

18 A. I don't know.

19 Q. Now, have you been involved in the
20 transactions involving sale of a transaction from one
21 franchise to the other?

22 A. Yeah, I have been involved as far as being
23 in the room when the discussions happened, and, yeah.

24 Q. So with respect to upgrading the store to
25 the standards, whose responsibility is it when one

1 sells a franchise to the other?

2 A. When one sells the franchise to the other,
3 it's usually the sellers responsibility to do all kinds
4 of -- all the necessary fixes, and changes, and stuff
5 before they sell it.

6 Q. Did you require the seller to do that as a
7 franchisor, and if you want to sell your store to
8 Mr. A here, you have to upgrade it to our standards?

9 A. Yes.

10 Q. Because my clients bought store, no. 8,
11 the one on Clovis Avenue, and they were supposed to pay
12 for that, why was that, if you know?

13 A. You know what, I really don't know why.
14 I don't know. Because they didn't want to do it.

15 Q. They, the seller didn't want to do it?

16 A. The seller didn't want to do it.

17 Q. But the seller was your dad?

18 A. Right, right, No. 8, yes. I guess he
19 didn't want to do it, you know, because they --

20 Q. Go ahead.

21 A. No, you go ahead.

22 Q. Do you know if it was ever disclosed to
23 them, to the buyers, Dr. Namdarian, that, "Hey, it's
24 it's really our responsibility, but if you do it, that
25 would be great"?

1 A. Did Deli -- did DDFI tell Mr. Namdarian
2 that you have to do it, is that what the question is,
3 or if you don't do it --

4 Q. No, the seller in this case was your dad?

5 A. My dad, yes, yes, yes.

6 Q. But DDFI has to also approve the sale,
7 right?

8 A. Yes.

9 Q. Do you know if your dad and DDFI, if
10 either of them told Sam Namdarian, that "Hey, it's our
11 responsibility, the sellers responsibility, to fix
12 this, but will you do it?"

13 A. No, I don't remember, or maybe I wasn't
14 there, but I was involved in their -- I was in the room
15 when the transaction was happening, yeah.

16 Q. And that issue was never disclosed?

17 A. No -- maybe it was by them, but I don't
18 remember.

19 Q. This is 2015ish, right?

20 A. When the Store No. 8 --

21 Q. Right?

22 A. No, it was a little bit more past that,
23 maybe '16.

24 Q. Did anybody come out and say, "Hey, we are
25 thinking about upgrading our bread, or changing our

1 bread, pretty soon you'll be buying bread from us."
2 Did that ever come out in that conversation?

3 A. No.

4 Q. With respect with the money to do the
5 upgrade, is it required that the franchisee, or
6 prospective franchisee to use Deli Delicious to do
7 those upgrades?

8 A. To use Deli Delicious?

9 Q. To pay Deli Delicious?

10 A. Can you repeat it again, I am sorry?

11 Q. Sure. Let me ask it a different way. Sam
12 Namdarian was told that he has to pay DDFI for those
13 upgrades; is that a requirement?

14 A. So that you are saying, you are asking if
15 the buyer is required ever to, or specifically Sam?

16 Q. Right. Specifically Sam, he tells me that
17 Mohammad Hobab told him that DDFI has to do all the
18 construction to bring it up to whatever standards it
19 is; is that true?

20 A. I don't know if they told him, but that's
21 what happened, I believe; I don't know.

22 Q. Right. Could Dr. Namdarian, for example,
23 hire another company to do the upgrade?

24 A. Oh, yeah, he could have. He could have,
25 yeah.

1 Q. If you were to testify with Mr. Schneider,
2 and take a deposition down, Mohammad Hobab told him
3 that, "Only we can do the repairs," that wasn't a true
4 statement, right?

5 A. No, it shouldn't have. I don't know what
6 my -- honestly, some of these transactions if it had to
7 do with financials and them, they didn't want to share
8 some of the stuff with me, so they either had me not
9 there or -- honestly, I was kept out of a lot of
10 financial stuff that went on. I just found out by
11 either Aleta telling me. So details I might have not
12 been there or -- but if you are asking like what was
13 supposed to happen, I could answer some of the stuff,
14 yeah.

15 Q. The store on Blackstone and Bullard, that
16 doesn't have a fryer, why?

17 A. You know what, I don't know. Honestly,
18 it should have one.

19 Q. When I took Mr. Nekumanesh's deposition,
20 he told me that there is no gas coming through that
21 store; is that true?

22 A. That could be true, but that's not a
23 reason to not have one because they could bring gas in
24 there because there's a McDonald's inside that shopping
25 center, there's a Taco Bell, so there's gas there.

1 They could bring gas in as far as they wanted. Yeah,
2 and there is a -- because I was there from day one in
3 that store. There is a water heater there, and I
4 believe it's gas, I don't know. I believe it is gas.
5 I don't know. I believe it is gas. It's the old
6 cylinder shape. So there is gas there. I don't know.
7 Maybe they had to bring it from one section to another.

8 But also we discussed that they -- there was
9 at one point, if I remember correctly that they
10 couldn't use -- I don't remember exactly, but there was
11 an option and given to somebody else, that they could
12 have used an electric fryer, and electric grill because
13 their store was in the same scenario where they
14 couldn't put some kind of a hood or gas put in,
15 something like that. So there was an option to have a
16 fryer, electric fryer. I am pretty sure they make
17 electric fryers nowadays that perform, if not the same
18 as the gas fryers, you know so -- I don't know why the
19 reason is that they don't have a fryer in it which is
20 kind of --

21 Q. That store is owned by your brother now,
22 right?

23 A. I believe so. That's when I left. That
24 could be another reason why because -- I don't know.
25 It should have.

1 Q. My clients are being sued for non
2 compliance. When you were part of the Deli Delicious
3 franchise corporation, did you ever file a lawsuit
4 against another franchisee for noncompliance?

5 A. No.

6 Q. Why do you believe -- was there personnel
7 issues between your dad and my clients?

8 A. Your client being Boziah[sic]?

9 Q. Well, Boziah is one of my clients, but
10 Dr. Namdarian is being sued here, but he
11 is having his store ran Boziah; is that correct?

12 A. I believe so. He was there when I was
13 there. He was running everything.

14 Q. Is there a personal conflict between
15 Boziah and your dad?

16 A. I mean, I think so, yes. I can say, yes.

17 Q. So tell me why do you say yes?

18 A. Because I heard my dad say stuff about him
19 that would show me that there is some kind of a
20 conflict there, yes.

21 Q. Boziah tells me that your dad told him he
22 is going to castrate him. Is that something your dad
23 would say about Boziah?

24 A. I mean, I don't know. I rather not
25 answer. You are asking me if that's something that he

1 would do or --

2 Q. That he would say. No, not say --

3 MR. SCHNEIDER: This calls for speculation.

4 BY MR. KHARAZI:

5 Q. You can answer, if you want.

6 A. I mean that's something he could say,
7 yeah. I don't know if he did or not but, he's never
8 done it, he's never done it as far as I know, but maybe
9 he just got mad enough to say that. Yeah, he would
10 probably have the ability, but I don't know.

11 Q. Did you ever hear him threaten Boziah?

12 A. I haven't heard.

13 Q. I want to talk a little bit with you about
14 the franchise moneys being collected for advertising.
15 When you were there, who was controlling them?

16 A. The franchise -- what again? Who
17 controlled who --

18 Q. Yeah. The marketing fees, who was
19 controlling them?

20 A. I mean controlling, I would say,
21 Mr. Nekumanesh with the help of my brother. Any
22 financial stuff coming in, any kind of funds, any kind
23 of financial would be handled by Mr. Nekumanesh and my
24 brother with the help of their CPA inhouse, Jennifer
25 Brandon.

1 Q. Do you know if they ever used the money
2 for marketing funds for other purposes other than
3 marketing?

4 A. Marketing is different from advertising,
5 correct, so --

6 Q. It's the whole two percent. I am talking
7 about the two percent that they received from
8 franchisees. Did they ever use that for stuff other
9 than the advertising and marketing?

10 A. Again, I am going to make this statement
11 that they excluded me from a lot of -- a lot of
12 financial stuff that they did for a reason because I
13 wasn't seeing eye to eye with them a lot on everything.
14 So your question, again, is if they used the
15 advertising, marketing -- advertising, I would say no,
16 but marketing, yes.

17 Q. The marketing fund is drawn from that
18 two percent as well, right?

19 A. Marketing fund, I would categorize it as
20 the rebates coming mostly from Pepsi and other people,
21 other vendors.

22 Q. Did they use the fund in rebates for
23 operational purposes?

24 A. Again, don't quote me. They excluded me
25 from a lot of the financial decisions, but on the board

1 when Jennifer -- that's the only time she would put up
2 a poster of something, and in there there would be
3 stuff that I would see that was other than just
4 marketing and advertising the brand in whole, yeah.

5 Q. I notice you're sweating in there.
6 There's a fan to your right, look against the wall.

7 A. Oh, yeah, I see it.

8 Q. Let's just turn that on so you don't get
9 too hot.

10 A. Thank you.

11 Q. You're welcome. It's getting stuffy in
12 here, I get it.

13 A. Mr. Kharazi, is it okay if we take three
14 minutes off.

15 Q. Sure. Let's take more than three minutes.
16 3:12 and come back at 3:20, eight minutes.

17 A. Thank you.

18 (Off the record.)

19 BY MR. KHARAZI:

20 Q. In 2018, how many lawsuits were pending by
21 the company?

22 A. 2005?

23 Q. '18, when you left?

24 A. How many lawsuits?

25 Q. Yeah, had the company filed, was open at

1 the time against others?

2 A. I don't remember of any. I don't know of
3 any. If there was one, I don't know.

4 Q. And I think I asked you this, I apologize
5 if I did. You told me during your tenure, you guys
6 never sued a franchisee, right?

7 A. No, never.

8 Q. All right. With respect to the
9 functioning of Ali Nekumanesh, would it be accurate
10 that Ali Nekumanesh was never involved in the operation
11 of the restaurant? It was more sales and document
12 preparation; is that correct?

13 A. Yes, yes, correct.

14 Q. Mainly with your dad; is that correct?

15 A. Correct.

16 Q. Now, between the years 2003 to 2009, when
17 you purchased products from a vendor, for example, you
18 went to Saladino's and bought lettuce, whatever, did
19 you expect Saladino's to give a portion back to Deli
20 Delicious franchise, Inc? This is before -- I'm sorry,
21 before you became a franchise.

22 A. Before 2010, 2009, you are saying?

23 Q. Right, right.

24 A. I don't know of any time before that, no.
25 If there was, I don't know of it.

1 Q. After you became a franchise company, do
2 you know if these suppliers gave a kickback or
3 incentives, whatever you want to call it to the
4 company?

5 A. Again, this stuff is public. You might
6 ask Saladino's, but there was, at the beginning there
7 was, yes. There was, Saladino's was giving back
8 ten percent of everything on top of it. This was
9 quickly changed within the first couple of years by me
10 stating in the Board room that this shouldn't be the
11 case, so the percentage dropped to five percent, and
12 then it stayed there for a little while and then it
13 dropped off. So we weren't getting any more percentage
14 on top of everybody's sales after a few years, a couple
15 years maybe, but in the beginning, they were.

16 Q. I am sorry?

17 A. Like I said at the beginning, yes, there
18 was.

19 Q. And the beginning would be 2010, '11 to
20 when?

21 A. To '12, '13, maybe.

22 Q. And then it changed to five percent for
23 how long?

24 A. For maybe six months. This is all between
25 2011 to '13.

1 Q. Do you know why you were -- why were you
2 objecting to this incentive plan?

3 A. You know, everything that kind of hurt the
4 franchise -- I was a franchisee myself. I was the only
5 family member that was also a franchisee, so I could
6 see -- and nothing different was done to me that was
7 any favors or anything. I was the same franchisee
8 paying the same fees and royalties and everything. So
9 as a franchisee when you look at that, it's just not
10 good. Especially if you find out, it just doesn't set
11 well. My whole thing was, this stuff doesn't set well
12 with franchisees when they hear it.

13 Q. Did you have a discussion with your father
14 about the bread asking him not to proceed?

15 A. Many times, many times.

16 Q. Can you describe the nature of the
17 discussions as best as you can?

18 A. Confrontational, mostly. It got
19 temperatures up and fights -- not fights, but it did
20 raise -- everybody's tensions were built every time
21 this discussion of bread came up, and I was against it.
22 At one point, I remember Mr. Nekumanesh was against it,
23 my mother was against it, but that's why it never got
24 approved in the Board, and their explanation after they
25 did open it was, well, this is a company that your dad

1 and Hesam want to do on the side. It has nothing to do
2 with Deli Delicious. Just -- it's their own business.
3 They wanted to open a bakery.

4 Q. Is that why you were fired or removed from
5 the Board and the company?

6 MR. SCHNEIDER: Calls for speculation, and it
7 also lacks foundation. You can answer.

8 THE WITNESS: I mean it could be one of
9 reasons, yeah, I believe. If you were to ask me, yeah,
10 I would think that that was one of the reasons, but it
11 wasn't the only reason, no.

12

13 BY MR. KHARAZI:

14 Q. What -- were you given reasons for your
15 termination?

16 A. No.

17 Q. So what happened?

18 A. There was no reasons or anything. It was
19 just all of a sudden I get a letter from Jennifer
20 Brandon. This was beginning of 2018 -- or end of 2018
21 that -- oh, yeah, beginning of 2018. I don't remember,
22 it was one of those, that the Board was dissolved by
23 your dad, and you are no longer part of the Board,
24 because from the time that I left the company until the
25 time I was removed from the Board took a year. I was

1 still involved in the Board of Directors, and out of
2 nowhere, I got that letter e-mailed to me that the
3 Board has been dissolved. After I questioned what
4 happened, why, they never gave a reason. They just
5 said, "Your dad doesn't want the Board anymore. He
6 wants to dissolve the Board," and then I asked -- there
7 was all kinds of stuff that went on. I don't want to
8 take the time here because it's going to take all day,
9 but a few weeks or a month after that, I get another
10 letter saying you are no longer a part of this company
11 either. So you are not going to get paid. You are not
12 going to get insurance. This was handwritten by my
13 dad, and handwritten translated by Ali Nekumanesh in
14 English. So written in Farsi, but handwritten and
15 written in English, cursive, handwritten, steps of why
16 you are not -- and I couldn't read both. I asked many
17 times, please send me a texted version. I e-mailed Ali
18 Nekumanesh. I talked to him on the phone. I texted
19 him, "Please send me this reasoning in an English-text
20 format, like e-mail, type it or something," which was
21 refused, and the last thing Ali said is, "Your dad is
22 not allowing me to type" or "This is what it is. Have
23 somebody read it or translate it for you." So I never
24 got the exact reasoning of why because there was a
25 letter, but I couldn't read it.

1 Q. So at the time, you had a wife?

2 A. Yes.

3 Q. Still do, I guess, right?

4 A. Yes, three kids.

5 Q. You have three children too?

6 A. Uh-huh.

7 Q. Yes?

8 A. Yes, absolutely.

9 Q. How much were you making as an officer of
10 Deli Delicious?

11 A. I think it was around 75, 80,000 a year
12 with insurance, so my kids had insurance. That was all
13 -- just overnight it was all taken over. All the
14 insurance, all the pay, all the rights. You have no
15 rights to everything.

16 Q. You were kicked out in the streets?

17 A. I pretty much saw it that way, yes.

18 Q. So what have you been doing? Have you
19 been working since 2018, '19?

20 A. I mean, here and there, but nothing major,
21 no. I have been just struggling through, because as
22 you know, like I said, I don't know anything else. I
23 dropped out of college because of Deli Delicious;
24 that's all I knew to do, and that was my life for the
25 last 25 years or so -- 23 years.

1 Q. Do you feel that Deli Delicious --

2 A. It's still -- it still is my life. Still,
3 I think about it every day; it's like a kid to me, you
4 know.

5 Q. Do you feel Deli Delicious' -- your desire
6 to stop Deli Delicious' monopoly of the bread was
7 because of your departure or determination?

8 A. Can you --

9 THE PEOPLE: I'll object also that it assumes
10 facts in evidence. Incomplete hypothetical and lacks
11 foundation. Go ahead and answer.

12 THE WITNESS: Can you repeat the question, or
13 rephrase it?

14 BY MR. KHARAZI:

15 Q. Yes. Do you believe that you were fired
16 from Deli Delicious because you were opposing Deli
17 Delicious' effort to monopolize the bread in the
18 sandwich shops?

19 A. I believe that was one of the reasons.

20 Q. Now, you're right now sued by Deli
21 Delicious. Do you know why you're sued? Have you ever
22 seen a lawsuit?

23 A. I mean until a couple of years ago -- a
24 couple of months ago, I am sorry, I didn't even read
25 the thing because I never received it. I don't know

1 where they sent it, but the first time I saw it, it was
2 published in an article a few months ago by this
3 company called -- this website called Franchise --
4 Unhappy Franchise, or something like that. He was the
5 one --

6 Q. Are you a part of that Unhappy
7 Franchisees?

8 A. Unhappy Franchisees?

9 Q. Yeah, that's what it's called. Are you a
10 part of that group?

11 A. A part of what group?

12 Q. Unhappy Franchisees?

13 A. No, not at all. I didn't even know what
14 it was until it came out with an article about me and
15 my lawsuit. I didn't even know until one of the
16 franchisees actually called me and said, "Send me a
17 link." I opened the link, and there it was, like a
18 whole article about my lawsuit, and why I was being
19 sued, and I think he knew more than I knew about the
20 whole lawsuit.

21 Q. Did you ever try to contact your father
22 and find out why you are being sued?

23 A. Actually, yes, a couple of months ago. I
24 came back maybe three or four months ago, I came back
25 to town to Fresno, and had some visits with mother and

1 father, like I think my mother was sick, so I wanted to
2 go see her, and there was discussions with my dad about
3 everything. But if you are asking, did they ever let
4 you know or told you? No, they never told me why, but
5 basically discussions about other stuff, and he wanted
6 me to go see the lawyer that's -- which is
7 Mr. Schneider here on a few occasions. "Go see this
8 lawyer please," that's what my dad and mother kept
9 asking me, you know. I didn't know what was reason.
10 They just wanted me to go see this lawyer.

11 Q. Did you talk with Mr. Schneider or see
12 Mr. Schneider?

13 A. I didn't see him, but I did call him, and
14 we talked a couple of times over the phone.

15 Q. What did you talk about?

16 A. The actual lawsuit, and why I am being
17 sued and stuff like that. Mostly about the lawsuit,
18 itself.

19 Q. What did Mr. Schneider ask you to do, if
20 anything?

21 A. He said, "Everybody wants you to just stop
22 badmouthing or talking about Deli Delicious," which I
23 told him I had never done so... and I read through that
24 article. I read the stuff that they are suing me for
25 which is completely false. I don't know where they

1 come up with that stuff. I have never called any
2 franchisees to tell them or badmouth the Deli
3 Delicious. It's usually, I am the listener. They
4 calling me, badmouthing Deli Delicious, and giving me
5 reports, and I am the listener, if anything.

6 Q. In your life, is this the only lawsuit you
7 ever had?

8 A. The only lawsuit, yes.

9 Q. Lawsuit filed by your father, huh?

10 A. I believe so, yes.

11 Q. Have you ever been a member of the DDFA,
12 the Deli Delicious Franchise Association?

13 A. No.

14 Q. Have you ever attended their meetings?

15 A. I have, and I have discussed that with my
16 father. I did go in there to tell him the stuff that
17 -- because there was a group of more than 30
18 franchisees at that first meeting that I went to, and I
19 discussed this with my dad, and told him, "The reason I
20 went there is to clear your names, and say you and
21 Hesam, and my mother had nothing to do. They don't
22 speak English, and if anything, Ali Nekumanesh is the
23 one leading this bus, so point your guns or whatever
24 you have, you are pointing it at the wrong direction."
25 That was about a couple of years ago when that

1 happened, maybe a year and a half ago. Until then --
2 it's just, I don't know.

3 Q. Had you already departed from DDFI when
4 you went to that meeting?

5 A. Yes.

6 Q. Have you shared any private, financial, or
7 confidential information with DDFA?

8 A. No.

9 Q. My understanding is there are Monday
10 morning meetings at Deli Delicious. Did you attend
11 those Monday morning meetings at Deli Delicious?

12 A. Yeah. Until I was there, almost every
13 single one, yes.

14 Q. And who would prepare the agendas for
15 those?

16 A. I mean, any agendas until the time I was
17 there, any agendas, Board, Monday meetings, anything
18 was done by Ali Nekumanesh and myself. Mostly Ali, and
19 I would go in and look at the agenda and add my part
20 because we were the only ones that pretty much spoke
21 inside the Board meeting, you know. He did his, and I
22 did my reporting. Everybody else listened and moved
23 on. So we were the only two that had to prepare for
24 the Board.

25 Q. Were the meetings in English, Farsi, what

1 language were you using?

2 A. Until I remember, everything was English.

3 Q. Your dad didn't speak English, how did
4 that deliberation happen?

5 A. Well, were the only ones that would
6 translate sometimes, not all the time. If he saw -- or
7 but if my dad asked any questions, or if he saw that
8 something needed to be translated, he went ahead and
9 did that. But he did, if I may add, he did on numerous
10 occasions told me that his Farsi is very limited. In
11 writing and reading is very limited at best, so...

12 Q. This is Mr. Nekumanesh?

13 A. Yes. Yes.

14 Q. I am sorry. I am going through some of
15 these because they don't pertain to this deposition.

16 Now, as you sit here today, if DD's Bakery is
17 paying any salary to any employee of DDFI?

18 THE PEOPLE: Objection. Calls for
19 speculation.

20 BY MR. KHARAZI:

21 Q. If you know.

22 A. Do I know today if anybody there --

23 Q. Do you know if DD's Bakery has ever paid
24 salaries of DDFI's employees?

25 A. I mean, I haven't seen anything myself

1 because I wasn't there, but I don't know, so...

2 Q. Do you know if DD's Bakery ever borrowed
3 money against the marketing and advertising funds for
4 its operation?

5 A. No, because, again, I wasn't there. I
6 don't know if they have. I wasn't there when the DD
7 Bakery started.

8 Q. Was there ever a tax lien against the
9 company, DDFI?

10 A. Was there any --

11 Q. Tax liens?

12 A. To my knowledge, yes, there was. I don't
13 know of the details, or when, or why, or -- there was.

14 THE PEOPLE: Against what, Mr. Kharazi, tax
15 liens against what?

16 MR. KHARAZI: Tax liens against the company,
17 against DDFI.

18 MR. SCHNEIDER: Thank you.

19 BY MR. KHARAZI:

20 Q. Do you know the amounts?

21 A. In mid 100s. Mid to high --

22 Q. 100,000?

23 A. 100,000, yeah. If I am not mistaken,
24 again, I don't know today, but this is my -- again, I
25 don't recollect if it was a tax lien or DDFI, but there

1 was either one.

2 Q. Now, do any of your brothers have a
3 college degree?

4 A. My second -- yeah, middle brother does.

5 Q. Hesam?

6 A. Hesam has a degree in construction
7 management, I believe, from Fresno State; if I am not
8 mistaken.

9 Q. But no accounting degree, for example?

10 A. No, unless I don't know, but, no.

11 Q. Did Hesam ever work at the DDFI as the
12 chief financial officer?

13 A. Was he the chief financial officer? His
14 title was the chief financial officer until I was there
15 since the beginning of when the franchise got started.

16 Q. Did he appear to know finances?

17 A. If you ask me, no. To my knowledge, no.

18 Q. And what did your younger brother do, what
19 is it?

20 A. Sahad?

21 Q. Sahad, yes.

22 A. I don't know what he does now. Before, I
23 don't know. He didn't do much of anything. He would
24 come to the Board meetings. Once in a while he would
25 come, once in awhile he would miss them, but --

1 Q. Sahad doesn't have a college degree,
2 right?

3 A. Not to my knowledge, no.

4 Q. Both of your brothers were on the
5 company's payroll, right?

6 A. Yeah, I believe so, yeah.

7 Q. Do you know who developed the training
8 manual for the company?

9 A. Training manual, I mean, it was myself,
10 mostly with the help of Ali Nekumanesh and mostly Foad
11 Safalzelei[sic] was very involved because it changed a
12 lot too. It got updated a lot throughout the years
13 since we started so, like I said, multiple people had
14 stuff to do with updating it, you know, myself, Foad.

15 Q. Did you use Wendy's training manual as a
16 template for that?

17 A. Not to my knowledge, no. I don't recall
18 that happening.

19 Q. When you worked there, did Ali
20 Nekumanesh's, his company, Eagle Management Consulting,
21 get paid as far as you know for its services? In other
22 words, not to Ali, himself, but as his company?

23 A. At the beginning, yes. It was all -- all
24 the payments were made from DDFI to Mr. Nekumanesh
25 through his management company or Eagle Management.

1 Q. He testified he never got paid through his
2 management company. So that was not a true statement?

3 A. Again, to my knowledge, at the beginning
4 when he came on, he was a part time -- part-time
5 consultant. He wasn't hired as a part time. He was an
6 outside agency. Pretty much his management company was
7 the one giving the services to us.

8 Q. Did Mrs. Nekumanesh stay on the company
9 payroll, Debbie?

10 A. No, no.

11 Q. What was Ali Nekumanesh's salary coded as;
12 do you know? What department was it charged against;
13 do you know?

14 A. In the DDFI?

15 Q. Yes.

16 A. Just the DDFI main account, I guess. Plus
17 the advertising had some of his salary. I think those
18 were the two only main departments that paid anyone.

19 Q. So the two-percent advertising fee that
20 the company collected went to pay part of
21 Mr. Nekumanesh's salary; is that correct?

22 A. I believe so. I believe when I was there.
23 I don't know what's going on right now.

24 Q. What about Hesam Hobab's salary? Did any
25 part of Hesam Hobab's salary? Did any other part of

1 Hesam's salary go to --

2 A. There were some. Some of his -- not
3 salary, but he would, as they say, he would charge
4 invoices, things he did. I don't know. Some of it
5 went to him too, yes.

6 Q. From the advertising account?

7 A. From the advertising. Not as a -- I don't
8 think it was as a salary, but --

9 Q. He would receive payments because of the
10 advertising allegedly?

11 A. Yeah.

12 Q. Did you ever see him doing any
13 advertising?

14 A. Well, the company did advertising. But
15 him, no, I don't remember. Him, you were asking if he
16 personally did any advertising?

17 Q. Yeah. Because you said he got paid from
18 the advertising fund, but what was the basis of it?

19 A. They got paid based on -- how do you say
20 it? If he spent something on something, or if he drove
21 somewhere, or if he car charges, some of his car
22 allowance came from the advertising. Some of his maybe
23 phone, company phone came from the advertising. Him,
24 Ali, and I believe my brother, Sahad, and Nate were the
25 only ones that, I think, I believe, were getting any

1 payments from the advertising.

2 Q. I understand Nate was in charge of
3 marketing and advertising, but he was also a note taker
4 at the Board hearing, right?

5 A. Note taker in the Board?

6 Q. Yes.

7 A. No, not until I was there. Ali was the
8 main note taker on the Board.

9 Q. Do you know there if there was ever a
10 meeting between Boziah and your dad when Nate Gilbert
11 and Ali were there, and then your dad threatened
12 Boziah; do you know that?

13 A. I don't remember. No, I don't remember of
14 any meetings where those four were in the attendance.

15 Q. What was -- did Sahad's salary ever get
16 charged against the marketing or advertising funds?

17 A. I don't really -- really, I am not sure,
18 but I think so because his title was the director of --
19 some type of director as the officer of the company,
20 but his main job came from the advertising. We did
21 stuff for the -- I don't know what, but he was director
22 of advertising.

23 Q. Did any of your dad's salary -- your dad's
24 was salary from the company, right?

25 A. Yes.

1 Q. Did any of your dad's salary come out of
2 the --

3 A. The advertising, I don't think so.

4 Q. Do you know if during your tenure at the
5 DDIF, if the company ever declared a dividend letter;
6 do you know what dividend is?

7 A. Yes, no. To any shareholder because there
8 was no shareholders?

9 Q. Right, only your dad, I get that. But did
10 they ever declare a dividend so the family would say,
11 hey we made so much profit. We are going to have this?

12 A. No, never.

13 Q. Was it your understanding you were fired
14 by the DDFI?

15 A. Well, they pretty much, yeah, like I told
16 you before, I left the company as a day-to-day
17 operator, but I never did leave the Board, and my dad
18 did dissolve the Board. From the letter I got from
19 Jennifer, the Board got dissolved, and I got another
20 stating as I could read a couple of the items, I was
21 let go. I wasn't getting a paycheck, and I wasn't
22 getting insurance anymore from that point on.

23 Q. And this was all because you went out and
24 talked with the DDFA people, right?

25 MR. SCHNEIDER: Objection. That calls for

1 speculation.

2 THE WITNESS: I don't think so, no, not at
3 that time. It wasn't because of that.

4 BY MR. KHARAZI:

5 Q. What do you think it was because of?

6 A. Honestly, I think, if you ask me, I have
7 my reasons why because Mr. Nekumanesh told my dad some
8 stuff that -- because me and him had some issues right
9 -- right before the letter came that I was no longer
10 part of the dissolved -- the Board was dissolved. We
11 had some personal issues, me and Mr. Nekumanesh
12 ourselves. And it didn't end well, and all this stuff
13 came right after, like two days after.

14 Q. What was the general nature of the
15 disagreement?

16 A. The general, again --

17 Q. Nature of the disagreement between you and
18 Ali Nekumanesh?

19 A. It was personal -- he said -- well, if I
20 may go into a little detail. We partnered on a house
21 that I didn't want partnership anymore with him, so I
22 got out of the partnership about two years prior to
23 this disagreement, and during this two years I asked
24 Mr. Nekumanesh to refinance the house, and put it all
25 in his name and get me out of the loan. Now, during

1 this time, he had the title to the house, so he had the
2 deed and everything was under his name. I turned
3 everything to him, but he wouldn't -- for some reason,
4 he wouldn't relieve me of the loan, so I had this
5 liability on my shoulder which I wasn't an owner of.
6 So it was a double sword for me that hurt me, and our
7 disagreement was on that, that I owed him money because
8 he refinanced his house at the end and got me out of --
9 my name out of the loan, and he wanted me to pay for
10 his loan, and that was the reason because he said that
11 I owed him \$5,000 for him to refinance the house and
12 put it in his name.

13 Q. Does he still own that house?

14 A. Oh, yeah, I believe so, to my knowledge.

15 Q. I am sure he made a lot of profit because
16 the market is way up now.

17 A. Oh, yeah.

18 Q. Did Mr. Nekumanesh prepare all the legal
19 -- qualified legal agreements with respect to buy and
20 sell?

21 A. Every single one that was done at our
22 office, or every single one, all the personal stuff,
23 all the personal agreements, buy and sell, everything
24 was done by him.

25 Q. My client tells me that when they bought

1 the store, No. 14, there was a lien against it; is that
2 true?

3 A. There was a lien, tax lien, or what kind
4 of lien?

5 Q. No, I am talking about a bank lien, like a
6 loan against it?

7 A. As far as I remember, again, don't quote
8 me because I was left out of a lot of the details or
9 stuff that happened between them personally. But at
10 one point, Ali Nekumanesh -- Mr. Nekumanesh came and
11 told me that we do have a loan from Fresno First when
12 we first purchased the store back from Mr. Heidadi's
13 wife or daughter, so there was a loan, and they sold
14 the store to Mr. Namdarian, and Ali told me, "Your dad
15 told me to tell the bank that we haven't sold the store
16 yet, and I can't do that." At one point he was the one
17 that told me, "Your dad told me to tell a lie, and I am
18 scared, and I don't know what to do. There's a loan,
19 and we sold the store, and there's still an unpaid
20 loan, and they used that money somewhere else to pay
21 for another store to put in." This is what I heard
22 from Ali, so that's all I know as far as there was a
23 loan on that store.

24 Q. I can represent to you that Mr. Nekumanesh
25 says he knows nothing about that, so your testimony is

1 that that's not true, he knew all about it?

2 A. He knew all about every transaction. My
3 transaction with No. 8 -- I mean No. 14 was all done by
4 him. He knew everything. He did all the loan
5 documents, he did all the loan applications. He
6 referred us to banks that would give us loans, and so
7 on, and so on.

8 Q. Now, do you know if that fact that these
9 stores had liens or loan against them were disposed to
10 Dr. Namdarian?

11 A. They weren't, no. As a matter of fact,
12 like I said, Ali told me that my dad said for him to
13 lie to the bank and everybody else that there is no
14 loan. He came to me and told me that.

15 Q. I can also represent to you that
16 Mr. Nekumanesh said that he recommended that they go
17 through escrow, and had they gone through escrow, that
18 would have been resolved. Do you know whose idea it
19 was not to go through escrow?

20 A. I believe my dad.

21 Q. Do you know if they ever sold DD's bread
22 to another sandwich shop in town or around California?

23 A. You know what, I don't know. I only hear
24 what the people that call me and tell me because I am
25 not involved at all in that, but previous employees

1 that worked there have called me. Franchisees have
2 told me that, yeah, there is, that bread is being sold
3 to other people. I don't know who, but -- and they are
4 being used for making sandwiches, not pizzas, or
5 burgers because those are sandwich breads.

6 Q. Now, did you ever hear your dad make
7 racist comments referring to any of the franchisees?

8 A. Racist comments. I mean, I gave an oath
9 here. So I would have to say, I have heard it myself,
10 yes. Personally, I have heard it so -- if I may not go
11 in detail, but -- because we had a lot of Indian --
12 Indian folks being franchisees, and my dad didn't hold
13 back much when he was in the Board meeting, very
14 unfiltered.

15 Q. Do you think your dad was unfiltered and a
16 racist?

17 A. I mean, I don't believe that that was his
18 intention, but that's what our culture is, I guess.
19 That's how he was brought up. I don't think he knew
20 even he was doing that.

21 Q. Well, I beg to differ with you. I don't
22 think that's in some culture. I think there's racist
23 people in every culture. I am not a racist person. I
24 understand culture, so I disagree with you
25 respectfully. Do you know if Al's French Bask Bakery

1 bread was ever disapproved by the Board when you were
2 there?

3 A. Not until I was -- never.

4 MR. KHARAZI: Okay. I am just going through
5 my notes, Hadi, and I'll be done.

6 Okay. I'm going to pass you to Mr. Schneider,
7 but can we give our court reporter a ten-minute break,
8 Dave?

9 THE PEOPLE: Sure. Just one question really
10 quick I have for Mr. Hobab just for a moment.

11 Sir, I noticed a few times during your
12 answering a few questions, you were looking down to
13 your right. Do you have any papers with you, or notes,
14 or anything.

15 THE WITNESS: Yes, I do.

16 MR. SCHNEIDER: What are you referring to,
17 what are you looking at?

18 THE WITNESS: You want -- this is Exhibit 8.

19 MR. SCHNEIDER: I can't even see what that is.
20 Can you describe it for me?

21 THE WITNESS: It's a little piece of paper --
22 yeah, I can. This is what I am drawing on, my little
23 note.

24 MR. SCHNEIDER: Oh, okay. So when you're
25 looking down, there's no other papers or anything,

1 you're not looking at anything?

2 THE WITNESS: No. It's just a little piece of
3 paper which I am drawing on to keep me calm.

4 MR. SCHNEIDER: Well, that's just fine.

5 Why don't we go ahead and take a few minutes.
6 What did you say, ten?

7 MR. KHARAZI: Yeah, I got to make a phone
8 call. I'll be done in ten minutes. Thanks, David.

9 THE PEOPLE: All right. We'll go off.
10 (Off the record.)

11 EXAMINATION

12 BY MR. SCHNEIDER:

13 Q. Okay. We are back on the record.

14 Mr. Hobab, can I call you Hadi?

15 A. Yes.

16 Q. Thank you. I introduced myself what was
17 it, three or four times on the telephone, Hadi?

18 A. Maybe.

19 Q. You think twice?

20 A. Yes.

21 Q. Okay. So you know I represent DDFI. I
22 just have a few questions, follow-up questions I want
23 to explore with you today.

24 And before I forget, Ty, pursuant to
25 stipulated protective order, I want to designate this

1 transcript to be a confidential subject to be reviewing
2 it and identifying specific portions that I want that
3 I've contended are confidential, and I just wanted to
4 say that on the record.

5 So, Hadi, you testified a little bit about
6 Mr. Nekumanesh today. When did you first meet
7 Mr. Nekumanesh? Can I call him Ali, you'll understand
8 who I'm talking about?

9 A. Yeah.

10 Q. When did you and Ali first meet?

11 A. I believe it was when he was hired first,
12 or not hired, but when he was first introduced in the
13 office to us.

14 Q. Do you remember about when that was?

15 A. 2010 or so.

16 Q. How would you describe your relationship
17 with Ali over time?

18 A. I don't know. Just normal, I guess. What
19 would you say?

20 Q. Would you consider yourself to be close
21 with Ali, friendly with Ali?

22 A. At one point, until I figured how he was,
23 and the things that he was doing in front of me kind of
24 added up. We spent a lot of time together because we
25 went to visit stores, and over the years a lot of time

1 between me and him was in the car going to stores,
2 going out of town, and at first it was -- it was close
3 until little by little, the things he was doing in the
4 rides in the cars, the calls he was making that was in
5 front of me. Maybe two dozen times he made calls that
6 were fraudulent calls. He would pick up the phone and
7 call somebody, and there was nobody on the other line.
8 There was nobody on the other side because you could
9 very easily tell. I brought it up to my little
10 brother, and he agreed with me. The first time he saw
11 and he heard him, he was shocked. He was in the Board
12 room too. He would do that in the Board room, in the
13 car with the rides, and when that stuff happened, I
14 kind of looked at him different, and things just went
15 the other direction until like I told you, our last
16 confrontation was right before I was let go, or when
17 the Board was resolved.

18 Q. Sir, I want to try and understand what you
19 meant about the calls. You are saying that he would
20 pick up the phone and pretend like he was on the phone
21 with somebody, and there was nobody on the --

22 A. Somebody important, somebody -- either a
23 senator or a franchisee. And the reason I found out,
24 one time I was texting with the same franchisee he was
25 calling to, and I asked the franchisee the same time,

1 the same ride to, we were right next to each other, I
2 was texting the franchisee. He was supposedly calling
3 the franchise, and I asked the franchisee, "Are you
4 talking to Ali at the same time you are texting me, you
5 are pretty good?" And he didn't know what I was
6 talking about. So at that point, I said, I think I am
7 right about what I have been feeling the last two or
8 three dozen times he's done that in front of me, and in
9 the Board room, and in front of other people, and other
10 people came to me, franchisees, ex-employees told me
11 the same stuff, which I didn't believe at first, but
12 over time, I got it, so...

13 Q. You don't have any other examples of when
14 you believe he was not talking to anybody on the other
15 line?

16 A. I can give you many times.

17 Q. Can you give me one?

18 A. In the Board room he would call his son,
19 and he would say, "Son, can you please send that
20 document for me? Are you in the court? Are you in the
21 -- send that document, send that?" There was nobody on
22 the other side because he wasn't -- he pretended to be
23 a good actor too, but he wasn't a good actor. You
24 could pick up immediately as other people have too.
25 Like I said, other employees came up to me, told me

1 many occasions that happened to them also and they felt
2 kind of uncomfortable. Many times in the car, he would
3 pick up and talk to Sam. There was no Sam on the other
4 line. I could hear it exactly because you could hear
5 and stuff too. Many times he would talk to senators,
6 and he wouldn't even give time for the senator to
7 respond, or anybody to respond. So I knew I was
8 100 percent felt that he did that. 100 period, I was
9 sure, and it was more than, I would say, 20 times.

10 Q. The example you've led off with, I think
11 you mentioned he was talking to his son, and you don't
12 think his son was on the line. Do you have any proof
13 beyond -- do you have any evidence? I am trying to
14 figure out why you believe his son was not there, how
15 would you know?

16 A. Because I know. Like I said, he wasn't a
17 good actor. He wouldn't let his son talk. When you
18 ask somebody a question, you've got to give him at
19 least five seconds to respond. When there's no five
20 seconds, and this happens numerous, and I put one plus
21 two, plus two, plus three over time, and I heard it
22 from many, many people. Like I told you, the first
23 time somebody else mentioned this to me. He said,
24 "Watch this." We were sitting right next to each
25 other. Ali Nekumanesh was sitting across from us. He

1 said, "Watch this." Ali was on the phone talking, he
2 didn't know what was going on. Actually, he called
3 him, and all of the sudden his phone started ringing
4 and he went, "Oh, oh," like this, and the guy told me,
5 "Did you see what happened?" Afterwards -- after we
6 left he told me, "Did you see what happened?" I said,
7 "Yes, but I can't believe it," you know, this was very
8 early on. So after all these instances, I put all this
9 together, and I was 110 percent sure that many, many
10 times he did that, and I didn't know why. I didn't see
11 the reason. I didn't know the reason why he would do
12 that, but he lost a lot of -- a lot of trust in me when
13 he did that. Because nobody in their right mind -- not
14 a professional like that would do such a thing. In the
15 Board room, in the car, any chance he would get to want
16 to say that he was talking to be an important person,
17 or this franchisee, or -- it happened many times.

18 Q. But --

19 A. And I can bring in people that have
20 mentioned this to me too. I can name people that have
21 mentioned this to me.

22 Q. Please do. Who?

23 A. There was a gentlemen -- the first time a
24 gentleman that used to work for us as a salesperson.
25 He was a part-time sales person. His name was Kwon

1 Ahbed. He was first one that mentioned that to me.
2 And this was early on when he was there. I couldn't
3 believe it, and I didn't want to believe it until it
4 happened more than, like I said, 20, 24 times.

5 Q. How do you spell that gentleman's name?

6 A. K, he always said K1, like K and one.
7 That's how you, I guess -- I don't know how to spell
8 it. Maybe K-v-o-n and A-b-e-d-i.

9 Q. But is maybe somebody who probably would
10 know?

11 A. Absolutely.

12 Q. Who else?

13 A. A gentleman left the company because he
14 had altercations with him, he told me himself.

15 Q. Okay. Who else?

16 A. Again, like I told you, my brother, my
17 younger brother. He agreed with me 100 percent. Other
18 franchisees, which I am not going to say their names
19 because of retaliatory reasons. Other friends of mine
20 -- other mutual friends of ours that I am not going to
21 say because of retaliatory reasons. But believe it or
22 not, this is what happened. That's why I lost
23 confidence, and I lost trust in the guy that was pretty
24 much running the whole corporation. That was pretty
25 much all my dad listened to, and all of us listened to.

1 Q. All right. You went into business with,
2 Ali, right?

3 A. Did I go into business with Ali?

4 Q. Yes.

5 A. We purchased -- like I said, we purchased
6 a house together.

7 Q. If you felt this way, the way you are
8 describing about Ali, why did you go into business with
9 him?

10 A. Like I said, this was way before I was 100
11 percent sure. I am not going to pretend something is
12 something until I am 100 percent sure, and at that
13 point, this is way after when I was 100 percent sure.

14 Q. When did you become 100 percent sure?

15 A. This is about three years ago. That's
16 when I wanted to sell my share to him. I didn't want
17 to do business with the guy anymore. And I did, and he
18 changed the deed immediately to his name. He said his
19 wife said okay, but it's good for you to stay on the
20 loan because it's good for your credit. Which I found
21 out later on that not only is it not good for my
22 credit, it's bad for my credit to have liability on a
23 house that I don't own. I can't show proof of
24 ownership of that house, but they can see liability on
25 it which would hurt me, and I told Ali many times this,

1 and he wouldn't budge. He wouldn't want to refinance
2 to take me out of his name. He wanted me to pay for
3 his loan fees or closing fees, and that's when.

4 Q. Did you ever offer to pay those loan
5 closing fees on the refinance, did you ever offer to
6 Ali to do that?

7 A. I did, I did offer to do that, but he
8 passed the deadline. I lost the house that I was going
9 to purchase because of this, and after that, he took
10 his time. He took his time, this was months and months
11 where I kept -- I went to a point where I made
12 everything ready for him to sign. All he had to do was
13 go do online and sign on the e-dock. I pretty much got
14 the loan approved, ready for him, for him to just sign
15 and get it done, which he didn't do. So it passed the
16 time limit where I had to purchase something else.
17 Because my loan officer told me that, "This is hurting
18 you. You need to take this house off of your name
19 because you are not -- you don't own the house. The
20 house is owned by somebody else, but the loan is under
21 your name, but it hurts you." So when that happened
22 and he took his time, I lost the deal. I told him
23 that, "I lost the deal because you took your sweet
24 time. I don't know why," but -- and he kept telling
25 me, "Well. I don't need to refinance it." I told him,

1 "Yes, you do because I need to get out of this loan.
2 You need to refinance it." So I had no other choice
3 but to offer him to do this, which after I offered the
4 closing cost and said that I will take care of it, he
5 took his time, and he agreed he took his time. I lost
6 that house, and I talked to him, and I said, "I am not
7 going to cover it. No, I'm not going to do it because
8 you broke your promise. Plus, why should I cover your
9 fees for your house to get refinanced into your name?
10 It's a house that you own. It's a house that you
11 changed the ownership and changed the title way before
12 I came off the loan so..."

13 Q. You guys were once on title together for
14 the house?

15 A. We were once on the title together.

16 Q. Did you ask Ali to take you off the title?

17 A. Absolutely, over six -- I'm saying like a
18 year, year and a half to the point where I had to get
19 my friend, which is a loan officer, to get everything
20 ready for him, the best, best refinance loan possible,
21 and he still took his time until I lost my other house,
22 which could have probably changed my whole life. It
23 was a good deal. I lost it because of this whole
24 thing.

25 Q. You guys had a loan, you guys borrowed

1 money for that house?

2 A. Yes, we did.

3 Q. Together in the same loan, or separate
4 loans?

5 A. Same loan. Like I told you, the loan was
6 under my name and his name until the end, but the deed
7 of the house was all under his name. He made me change
8 the deed way before I was off the loan.

9 Q. Whose idea was it to change the deed?

10 A. His, and he told me his wife wants it that
11 way.

12 Q. You are no longer involved with that loan?

13 A. No. He finally came through with it.

14 Q. How do it end?

15 A. Very, very late, but he did sign those
16 documents that I personally took care of and got ready
17 for him to sign, and he did eventually, but it was way
18 after I lost that deal.

19 Q. Let's move off of that house for a minute
20 and go back to DDFI; if that's okay. When you were at
21 DDFI, can you go through and tell me -- you were there
22 for a long time. Were you actually --

23 A. One time where I was there from the
24 beginning.

25 Q. So what year did DDFI come into being?

1 A. If I am not mistaken 2009 to 2010.

2 Q. So -- and I want to make sure -- Mr.
3 Kharazi may have already asked some of this. I just
4 want to make sure I understand. So like in 2009 when
5 it first came online, ballpark 2009, 2010, what was
6 your job title, your responsibility at DDFI?

7 A. None of us had any kind of titles. I did
8 pretty much all the operations side, hiring,
9 scheduling, vendors, registers, everything that had to
10 do with inside the store; that's what I did from day
11 one until when I left.

12 Q. And that was for any of the new stores
13 that came online?

14 A. Everything. I was a franchisee also. My
15 stores were also training stores. Any stores that I
16 had was a training store immediately, no questions. It
17 was a test store. It was a piggy -- just a Guinea pig
18 store for any kind of test. I myself was a Guinea pig
19 for any kind of testing they wanted to do with new
20 equipment with my own funds.

21 Q. So let's talk about some general
22 categories of things you just described, right, that
23 you were responsible for. How do you define -- how do
24 you describe operations, what does that mean?

25 A. Operations means A to Z of what goes on

1 inside of the store as far as from the beginning days
2 of opening, closing, hiring, scheduling, vendors to the
3 end of my time when I was there to anything as far as
4 creating new items, creating new menu products creating
5 -- training everybody, creating new systems, creating
6 new training systems, anything to do with making of the
7 sandwich, because that's what we were in the business
8 for, making sandwiches. Everything from A to Z as far
9 as registers, POS systems, anything that had to do with
10 training inside and outside the stores, and visiting
11 all the stores after they opened. All that fell under
12 my department, which is with the operations department
13 which -- yep.

14 Q. That was from 2009 until when?

15 A. Until I left.

16 Q. And that was -- do you remember the month,
17 date?

18 A. I really don't. I might be mistaken the
19 year too, but from what I remember, the end of '18. If
20 I am not mistaken, the end of '18.

21 Q. Well, first of all, the duty you just
22 described, were you the head person for that, was there
23 anybody else in charge of those same things, that could
24 do the same things?

25 A. Anybody else in charge of --- excuse me, I

1 am sorry.

2 Q. Well, in all the duties you just said you
3 had, were you like boss of those categories, or was
4 somebody else in charge of you?

5 A. Of course, my dad and the Board. We
6 reported to the Board of Directors. The Board was
7 probably the best way to say who was in charge of me
8 was the Board of Directors.

9 Q. Did you supervise anybody? Was somebody
10 working beneath you and those guys?

11 A. Yes.

12 Q. Who were they?

13 A. The beginning, the first person was Elena
14 Newcom that came on as a director of training. She
15 worked at one of my stores, which was a training store.
16 It started from there all the way to when I left was
17 Foad Salverzaldei. After her, he came in. At one
18 point, there was a guy that came in -- what was his
19 name? If I am not mistaken, there was a couple other
20 guys. I don't know their names. I don't remember
21 their names, but Tim Campbell was another guy that was
22 hired for some other purpose, was hired because
23 operations was under me, but he changed departments and
24 went to construction towards the end of his employment.

25 Q. Why did he switch departments?

1 A. I don't know. I don't remember.

2 Q. Did you have any oversight or
3 responsibility for compliance, franchisee compliance?

4 A. Franchisee compliance. Well, I was on the
5 Board, so the Board was in charge of franchisee
6 compliance, and Ali Nekumanesh was chief compliance
7 officer of these kind of things, yeah. I wasn't
8 personally in charge of compliance. It was not just me
9 by myself, no.

10 Q. Did you ever handle any compliance issues
11 other than in your capacity as a Board member, did you
12 ever go to the stores and talk to franchisees?

13 A. All the time. That was part of my duty
14 also. I was the only one in stores most of the time.

15 Q. What involvement did you have, if any, in
16 Deli Delicious becoming a franchise coming into DDFI?

17 A. What involvement?

18 Q. Yes.

19 A. Well, as you know, the first lawyer that
20 was hired to do our franchising, the first thing he
21 needed was the agreement, the FDD, and I was involved
22 in creating that because he came here and asked us all
23 kind of questions, asked me about operations mostly
24 because I was only one that could answer anything
25 operations. And, again, I wasn't the only one that had

1 something to do with it. But anything that to had do
2 with operations systems on that section of the FDD was
3 all asked from me. The questions was asked from me
4 too.

5 Q. So you were involved in some fashion with
6 the formulation of the franchise agreements?

7 A. In what again? Excuse me.

8 Q. I thought I heard you to testify that you
9 had some involvement with how the franchise agreements
10 were structured. Did I mishear you, or did I
11 misunderstand?

12 A. Well, we had to all be involved. I was
13 involved in my department, yes, when the lawyer, the
14 franchising lawyer was hired to get us to be a
15 franchisee -- franchisor. So there was documents that
16 he needed to make, and he knew he needed some questions
17 answered, which I answered a lot of those questions,
18 yes, sir.

19 Q. Who founded Deli Delicious Franchising,
20 Inc., DDFI?

21 A. DDFI was done in 2009 when it was in my
22 dad's name. So founded -- Deli Delicious was founded
23 by me in 1995.

24 Q. By Mohammad?

25 A. By me in 1995, Deli Delicious. DDFI is

1 totally some other corporation that was done after I
2 declared bankruptcy and put everything in my dad's name
3 back then because they asked me to do that because of
4 many reasons. One being financial reasons. Another
5 one being I was being sued by a vendor that had some
6 equipment, and because of those reasons, I had to
7 change everything to my dad's name, so...

8 Q. Okay. So as to the founder of DDFI, can
9 you identify who that was, who founded that?

10 A. Everything was done by my dad after we
11 became a franchise in 2009, but Deli Delicious was
12 around since 1995, and it was the same concept to this
13 day so...

14 Q. Did you ever tell anybody at Deli
15 Delicious Franchise, Inc., DDFI, that you did not want
16 Campbell in operations any longer, Tim Campbell, that
17 you wanted him moved to construction?

18 A. No. I don't remember. I am sorry, I
19 don't remember. Can you repeat the question?

20 Q. I just asked you -- can you hear me now?

21 A. I can hear you, but --

22 Q. Okay. So did you ever tell anybody at
23 DDFI that you did not want Tim Campbell in the
24 operations department anymore?

25 A. I don't remember.

1 Q. Did you believe Campbell was doing a good
2 job in operations while you were there?

3 A. Yes, I believe so.

4 Q. Did you ever suggest that he get moved to
5 the construction department of DDFI?

6 A. I mean everybody did everything there
7 until he was there too. It wasn't just because he went
8 to the construction department he didn't do anything
9 else in operations, or he didn't have any feedback, or
10 he didn't help the operations. Everybody did at the
11 beginning until later on where they were specifically
12 hired for doing some other stuff, but, yeah, he helped
13 -- even though he was in the construction department,
14 he still helped me in times in the operations side.

15 Q. But you never told anybody at DDFI that
16 you didn't think Campbell was any good in operations?

17 A. I do not remember saying that, no.

18 Q. Were you friendly with Mr. Campbell?

19 A. What was that?

20 Q. Are you friendly with Mr. Campbell?

21 A. I mean, I was always friendly with him,
22 yeah, when he was there.

23 Q. Have you spoken with Mr. Campbell since
24 you left, you separated from DDFI?

25 A. No, it's been a long time since. I don't

1 remember the last time I talked to him.

2 Q. Okay. When DDFI began, or when it became
3 a franchise company, did your father bring any funds
4 with him from Iran to fund the start up?

5 A. I mean, the start up wasn't much. We had
6 to take over the lease. So everything that was -- the
7 start-up costs 5,000 which was gifted to me by my
8 grandma back then. My grandma gifted all the oldest
9 grandchildren some money which was 20,000 was my share,
10 and part of that went to purchasing that store, yeah,
11 which was around 5,000 or so.

12 Again, the store didn't cost 100,000. The guy
13 was wanted to, here take over this, the equipment and
14 inventory that's in here, and "I just want to get out
15 of the lease," that's basically how it went.

16 Q. I want to go back -- maybe I misunderstood
17 your testimony from before. My understanding was that
18 you testified that there were loans that were taken
19 out, the funds, some for the franchise costs; is that
20 accurate to say? There were loans that --

21 A. There was loans with --

22 Q. For the start up of the franchise company,
23 do you know -- where did the money come from to start
24 it up; if you know?

25 A. The franchise, or the original first

1 store, Deli Delicious, in 1995?

2 Q. Okay. Well, start both. The first store,
3 where did the money come from?

4 A. The first store was, again, like I said,
5 it was a gift that was given to my mother for me --

6 Q. Right.

7 A. By my grandma, which passed away right
8 now, but a long time ago she passed away. They brought
9 that money from Iran. I used some of that to purchase
10 that store.

11 Q. Did your father bring money with him as
12 well to the fund?

13 A. I don't remember at that time, no. Maybe
14 earlier, we were all -- but after we purchased -- I
15 purchased the store. Never, never again did my dad
16 bring any kind of funds. Not that I know of. Again, a
17 lot of this financial stuff, was kept away from me.

18 Q. For all the years you were with Deli
19 Delicious including the time you were with DDFI, the 23
20 or so years, were you ever aware of vendors being
21 changed, products being changed?

22 A. For which locations?

23 Q. Any of them. Did they ever switch
24 products, ever switch breads, ever switch meats, ever
25 switch cheeses?

1 A. Did franchisor ever switch cheeses and
2 stuff?

3 Q. Yeah. Were there products that were
4 changed throughout the course of your tenure?

5 A. Some stuff, yeah, but the main things I
6 never the changed, you know, the main products. Maybe
7 we went to a different kind of tomatoes from the
8 beginning. We used to use the big tomatoes, then we
9 went to the smaller little Roma tomatoes. We changed
10 that, but that was way, way at the beginning, but the
11 main -- main core of the stuff was all pretty much the
12 same until -- as far as I remember. It was potato
13 salad one time. I mean, there was small stuff that the
14 quality wasn't as good as I thought, and we changed to
15 other things, tomatoes, potato salad, stuff like that.

16 Q. Who made the decision to change products?

17 A. At the beginning, it was -- when? Which
18 time line are you talking about?

19 Q. Anytime?

20 A. Everything until 2003 was done by me,
21 which I didn't change much. After that, when my dad
22 took over, mostly me, but they did some stuff that I
23 didn't agree to, but it went on anyway.

24 Q. Who is they?

25 A. My brother and my father. Until Ali got

1 there, then the Board, pretty much, the Board.
2 Everything that changed had to come through the Board
3 either way.

4 Q. Let's talk a little bit about the change
5 from Bask bread to DD's Bakery bread, right? Are you
6 aware of any times in the past where any other changes
7 in the use of bread in the restaurant at Deli Delicious
8 locations?

9 A. Which we changed the bread from Bask?

10 Q. Yeah. Any other vendors besides DD's
11 Bakery and Bask bread in Deli Delicious locations at
12 any time.

13 A. There was some stores in the northern when
14 they had stores in Sacramento and San Jose, there was a
15 guy, bakery there that delivered for a few months to
16 those stores, but this was it. That was another vendor
17 that -- and their bread wasn't good so we pulled the
18 plug on them pretty quick.

19 Q. Was that a change, Hadi, from Bask bread
20 to this other vendor, or was that a change from that
21 other vendor to Bask bread.

22 A. No, it was not a change to anything. When
23 they started opening stores in the north area, we
24 started opening in the north. Again, that's another
25 story for another day, but we got some other bakery to

1 deliver those breads to those two, three locations.

2 Q. I just want to make sure I understand your
3 testimony, so are you --

4 A. But other than that, never, never in
5 Fresno area or anywhere that Bask Bakery could deliver
6 fresh which was all the way to Bakersfield, and when
7 they -- when the other bakery in the north, we dropped
8 that, then Bask went ahead and delivered to those
9 stores also.

10 Q. Aside from the change in the bread that
11 was used in locations from Bask to DD's Bakery bread,
12 you are not aware of any time that Bask bread was
13 subbed out in favor of a different vendor?

14 A. No.

15 Q. How often did Bask bread -- did Bask
16 Bakery deliver bread to the Deli Delicious locations,
17 franchise locations?

18 A. I believe five days.

19 Q. They got Monday, Tuesday, Wednesday,
20 Thursday, Friday?

21 A. They got Monday, Tuesday, Tuesday we got
22 double bread because they weren't delivering on
23 Wednesday, so we made sure and we tested the product
24 that it could stay in the refrigerator or outside to be
25 used until the next day. So Wednesday's bread was the

1 bread that was given to us -- double bread that was
2 given us to on Tuesday. Also Sundays they were closed,
3 so we did the same thing on Saturday for Sunday.
4 Double fresh bread on Saturday, which half was used for
5 Sunday.

6 Q. Okay. You described -- you said you did
7 some testing of the bread to make sure it could be
8 left in the refrigerator?

9 A. It was done early, early on in Deli
10 Delicious. Their bread would stay good overnight, and
11 -- go ahead.

12 Q. Were you involved with the testing that
13 led to that conclusion?

14 A. I did the test myself without anybody
15 else's. They weren't even -- my family wasn't even
16 there when I did this a long time ago. It was in the
17 '90s, mid '90s.

18 Q. What was the test you did?

19 A. Well, there was one store, by the way,
20 and I left pretty much pretty simple as leaving the
21 bread out for one day to see if it's the same product
22 the next day to see if I get any complaints. See if I
23 get any customers coming back and saying this is -- it
24 never happened, it was good the next day also.

25 Q. Did the Bask Bakery ever deliver frozen

1 bread to any Deli Delicious restaurant locations?

2 A. Not that I know of, no. Frozen bread,
3 never, no.

4 Q. Did the Bask bread ever deliver bread to
5 any Deli Delicious franchise locations that had been
6 frozen before?

7 A. Not that I know of.

8 Q. Are you aware of any bread from Bask
9 Bakery being frozen at all that was going to be used at
10 DDFI or Deli Delicious?

11 A. Being frozen?

12 Q. Frozen at any time since it was baked?

13 A. I don't recall them ever delivering frozen
14 bread to us. I mean, what do I know? I don't know,
15 no.

16 Q. How about, there is a little bit of a
17 distinction. You didn't get bread that was frozen
18 delivered, you just testified that way. Do you know
19 whether or not the bread that you received delivery of
20 had ever been frozen in past dates?

21 A. Not that I know, no. But to my knowledge,
22 and they weren't supposed to freeze any bread that came
23 to, but they delivered fresh. There was never any
24 reason for them do to that because they could deliver
25 the bread fresh.

1 Q. Were there requirements for restaurant
2 locations to have a couple three days worth of bread on
3 hand at any time?

4 A. I mean for emergency purposes, yes, there
5 was. There was some bread kept in the freezer which
6 was rarely ever used but for emergency purposes, yes.
7 Whenever we didn't get -- if somebody -- God forbid,
8 the delivery driver dies and gets in an accident, God
9 forbid again, and the bread gets all over the place,
10 and we didn't have any other options but to use, yeah.
11 But that never happened. I'm just saying, yes, there
12 was.

13 Q. So your testimony, to the best of your
14 knowledge, is that no bread was ever served in a Deli
15 Delicious Restaurant from Bask Bakery frozen?

16 A. I didn't say that.

17 Q. Are you aware of any bread from Bask
18 Bakery that had ever been frozen being served in a Deli
19 Delicious restaurant?

20 A. I am pretty sure it has. At one point,
21 there was incidences that franchisees used their frozen
22 bread in the freezer, yeah, it could have. But for the
23 most part, 90 percent of the breads were always used
24 fresh. There was no other reason, because it was
25 delivered fresh every day except for those two days.

1 Q. How about your franchise location, did you
2 ever serve any bread that had been frozen from Bask
3 bakery?

4 A. I could have also. But, again, 95 percent
5 of all the breads were used fresh.

6 Q. But would you have anyway of knowing that
7 answer? I mean, you're saying --

8 A. You can tell. The frozen bread is not a
9 good option, but sometimes you have to use it, but you
10 could tell immediately, it's frozen.

11 Q. All right. How do you tell immediately
12 that?

13 A. I could tell by just looking at it and
14 touching it. You are asking me if I could tell, right?

15 Q. Sure. I am asking how would you be able
16 to tell? I don't know, I am not a bread expert. How
17 would you tell?

18 A. Just experience over the last 23 years or
19 so would give you that option of just touching the
20 bread, or looking at it, or touching it, or smelling
21 it, and know if it's frozen or not.

22 Q. How would the smell, or touch, or
23 appearance be different, whatever?

24 A. Way different than -- way different. I
25 can't explain the reason. It's not the same as fresh

1 bread.

2 Q. What do you think about the quality
3 difference? What are the distinctions besides touch,
4 taste, and appearance, is there a taste -- have you
5 ever heard Deli Delicious customers who frequent these
6 stores ever complain about the quality of the bread
7 from DD's? I know it wasn't being served while you
8 were there.

9 A. I mean, complaints are -- you can't say
10 there was never a complaint. There was a few times,
11 but for the most part, 95 percent of times we used
12 fresh, and we never got any type of complaints that a
13 customer came to us and said, "Why isn't the bread
14 fresh?" But, again, I am not saying 100 percent of
15 time because that's impossible.

16 Q. So are you describing bread from Bask or
17 bread from DD's with what you just said?

18 A. You are asking me bread from Bask, right?

19 Q. Yeah. I want to make sure we are talking
20 about the same thing, the Bask bread that you had
21 catered?

22 A. I really don't know about the bread from
23 DD just to let you know. I have never had any kind of
24 -- I've never been to their bakery. I think I have
25 seen it once or twice. I might have eaten it, but I

1 don't recall. Whatever I'm telling you is the Bask
2 bread because I am very, very close to that bread, as
3 they say from day one.

4 Q. Did you ever have any personal complaints
5 about any bread you received from Bask in your
6 franchise location?

7 A. Like I said, it's impossible to have never
8 a complaint. Yes, there was, but very, very -- if I
9 would say three percent of the time, and they
10 immediately -- when I let them know, they immediately
11 changed it, or they came to the store and changed it,
12 their bread, or gave us credit for the next time.

13 Q. Gotcha.

14 A. Well, that's what we did at that point.

15 Q. When those complaints happened, what was
16 the complaint, what was the nature of the problem with
17 the bread that was being complained of?

18 A. You know what, I don't recall. The shape
19 of the bread, maybe. Never the quality. The quality
20 was always the same. It was maybe the shape, if I
21 would say anything.

22 Q. And that was a customer complaint or a
23 franchisee complaint?

24 A. A franchisee complaint. You are asking me
25 if I had any stores, right, at my stores, or any other?

1 Q. In your experience either as a franchisee,
2 or as a member of the quality -- sounds like you knew
3 very well what the menu items when you were at the
4 location.

5 A. Yeah, exactly. Like, I said nothing --
6 you can't say 100 percent, nothing is perfect. There's
7 always two, three percent, yes, there was complaints,
8 but not noticeable at all for me to freak out, or
9 change the bread, or do anything like that. It never
10 --

11 Q. I'm sorry. Go ahead.

12 A. No, go ahead.

13 Q. In your franchise locations, the stores
14 that you had, did you ever have any bread in any
15 freezer at your location?

16 A. Like I said, we did, yes.

17 Q. And is it your testimony that you didn't
18 serve that bread, or that you did serve that bread?

19 A. Oh, yeah, we did serve that bread. You
20 are asking me if that happened all the time, and I am
21 saying, no. Usually, the protocol was the bread was to
22 be used fresh as much as you can. I mean there is
23 accidents, and there is times that we would have to use
24 the frozen bread, but that was far and few in between.

25 Q. Okay. Deli Delicious locations get

1 receipt of bread on those five days a week you
2 testified from Bask?

3 A. Yeah.

4 Q. That bread goes into use in the stores.
5 At the end of day, there's still bread remaining in
6 those locations generally, I would assume. What
7 happens to that bread?

8 A. I don't know if all franchisees follow
9 this, but we always let them know that whatever is left
10 at the end of night, it can stay good -- like I told
11 you, it can stay good for one night. So you can use
12 that remaining bread. The first thing that you would
13 use is that bread the next day instead of the fresh
14 bread that came in just to quickly go through it, which
15 wasn't much at all. So as soon as those few breads
16 that were remaining were used, then you started using
17 the fresh breads, and this cycle would keep going.

18 Q. The few breads you testified about when
19 that would happen, there would be a little bit left
20 over, where would that bread go until the next day?

21 A. In the refrigerator. And the only reason
22 for the freezer was an emergency, like you said.
23 Emergency being they couldn't deliver for some odd
24 reason, or something happened at the store level where
25 they didn't order enough, or -- it was only for

1 emergency purposes where they would use frozen. Other
2 than that, never.

3 Q. So if the frozen bread is stored in the
4 freezers at DDFI -- at the Deli Delicious locations,
5 was there for emergency purposes, what happened to it?
6 I mean because it's in the freezer, right? Is it used
7 in the store absence an emergency?

8 A. Eventually, yeah, I'm pretty sure. It
9 wasn't much, like I said. It was just for -- enough
10 for maybe one or two days because our freezer, the way
11 our freezers was set at those times, the first maybe 20
12 to 25 stores, it was small because there was always
13 talks in the Board room too that we were going to
14 eventually eliminate all freezers, and the only reason
15 we would need a freezer is because we didn't have yet a
16 way to get french fries to be fresh, you know. We
17 needed them frozen, but other than that, the freezers
18 weren't built gigantic where you could fit two months
19 worth of bread in them. Because my store's freezer was
20 a five-by-five reach-in, not even a walk-in, and a lot
21 of stores had reach-in. A reach-in freezer, you can't
22 even walk-in. Some stores had a three-door where you
23 could only fit maybe, at most, maybe ten bags of bread
24 in there because it just a three-door freezer.

25 Q. And the bread that was in those freezers,

1 was it ever thrown away, or was it always cycled
2 through?

3 A. Of course. Of course, it was thrown away
4 sometimes too.

5 Q. In what situations would that bread be
6 thrown away?

7 A. If it was past the time that it wasn't
8 usable anymore because either it was really bad, it was
9 damaged because you can't use -- I mean, the shelf life
10 in the freezer is like a few months too, you can't keep
11 using it. So if they didn't go through it, the
12 protocol was start fresh, yes.

13 Q. Protocol. You said you wanted to start
14 fresh, so what do you mean?

15 A. No, I mean the protocol was --

16 Q. Oh, to start fresh with the bread?

17 A. Yeah.

18 Q. Okay. It went with the question, okay. I
19 gotcha. And did you ever have -- ever hear about any
20 customer complaining about bread that had been served
21 from Bask Bakery that was frozen, any customer
22 complaints?

23 A. That it was frozen?

24 Q. Any customer complaints about the bread
25 that was served from Bask that had been frozen? Did

1 you ever receive any customer complaints about that
2 bread when it was put into use?

3 A. Not -- because it was very few times. So
4 I don't recall it being -- I don't. Honestly, we
5 didn't use frozen bread, so -- everything was that we
6 were fresh products, fresh -- so as much as we could,
7 we used fresh products because you are not going to get
8 complaints when you use fresh. You know, we didn't get
9 much complaints from the Bask Bakery from the
10 customers.

11 Q. I understand. I just wanted to make sure
12 your testimony was clear. There was actually frozen
13 bread served from Bask, though? It wasn't you didn't
14 ever use it, you just tried not to; is that correct?

15 MR. KHARAZI: Objection. Asked and answered
16 like a dozen times.

17 MR. SCHNEIDER: Not really because he just
18 said he didn't never use the frozen bread in the
19 restaurant, so I wanted to make sure I understand.

20 THE WITNESS: I mean, I said yes, but it was
21 very, very few times for emergency purpose. If a truck
22 got in an accident, God forbid, and didn't get bread
23 today, which was very few times. Like I said,
24 95 percent of the time it was fresh bread.

25 BY MR. SCHNEIDER:

1 Q. I know, I understand. I just want to make
2 sure I got your testimony.

3 Did you ever taste a difference in bread those
4 few times it was served, right, the frozen bread from
5 Bask, did you ever taste a difference between that
6 bread and bread that had been delivered in a fresh form
7 from Bask?

8 A. Sure, yes, absolutely.

9 Q. Can you describe for me if there was a
10 difference between the taste of bread from Bask that
11 had been frozen?

12 A. It's pretty much obvious that fresh bread
13 is fresh. It smells different, it smells fresh, it's
14 softer, it's more easy to work with because it doesn't
15 fall apart or anything, so all of the above. I could
16 tell immediately that fresh bread is the main, main
17 reason why our stores were so popular because of our
18 fresh product, fresh motto, fresh lettuce, everything
19 was sliced fresh daily.

20 Q. Did any customer ever tell you that the
21 reason why the Deli Delicious restaurant is so
22 successful is because of the fresh bread?

23 A. Many, many, many, times, that the reason
24 why it's good is because of the bread. And where do
25 you get your bread? Bask. There are always questions

1 like that, yes.

2 Q. Have you ever heard any good things about
3 the bread, I know you are not there, and haven't been
4 there since the switch happened. Have you ever heard
5 any good about the bread from DD's Bakery that's being
6 served?

7 A. I haven't heard much at all. I don't
8 know. The only times I hear stuff is when franchisees
9 -- well, the franchisees that I'm still -- like they
10 still call me for advice, and for many other reasons,
11 they tell me what the problem with that is, they
12 complain more.

13 Q. And what do they specifically tell you the
14 problem is?

15 A. The main, main reason it's coming in
16 frozen. It's this, it's not the same. Why did you
17 change it? Why didn't you tell us that you were going
18 to put a bakery in? Why did you surprise us? Why did
19 this happen? Why did you change? Why after 30 --
20 everything that you can imagine was asked of it.

21 Q. Which franchisees tell you that?

22 A. I really don't want to discuss it.

23 Q. Can you tell me why you don't feel
24 comfortable telling me the answer?

25 A. I just don't want to because of reasons

1 that -- I just don't want to throw them under the bus
2 because I have heard a lot of stuff about retaliation,
3 and I believe that that is true; that is how
4 Mr. Nekumanesh does things. So if I give you
5 somebody's name, you better believe tomorrow something
6 will happen to them. I am not going to share names
7 with anyone. When comes to franchisees, I don't like
8 sharing the names.

9 Q. Pardon me?

10 A. When it comes to franchisees, current
11 franchisees, that are still operating under DDFI and
12 operating as a franchisee, I don't want to share their
13 names.

14 Q. It's certainly your right.

15 MR. KHARAZI: David, it's about 5:15. Just in
16 terms of time-wise, how much time do you think you
17 would need?

18 MR. SCHNEIDER: About 20, 25ish, something
19 like that. I don't know what the answers are going to
20 lead to, but I am not planning on being here much
21 longer. Are you comfortable, Hadi? Do you want a
22 break, or are you good?

23 THE WITNESS: I am good because I want to get
24 through this too. I didn't think it was going to be
25 past 5:00, but I'm okay.

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BY MR. SCHNEIDER:

Q. I am going to try to get you out of here. So while you -- you mentioned something earlier, I think, that you have never been to DD's Bakery; is that correct?

A. Never seen it, never been there. I think it opened after I left. I never saw it. I never knew there was a building bought for the bakery, or what this looks like, nothing.

Q. Did anybody ever invite you on a tour to take a look inside?

A. No.

Q. How about Bask Bakery, did you go on a tour to Bask Bakery?

A. Many times, yes. In my 20 some-odd years many times. Many times I went with myself, and just a few of us. Many times, I would say, we went together, all of us.

Q. Who is all of us?

A. All the Board members excluding my mother and my younger brother.

Q. Why would you go, what was the purpose of those visits?

A. Just to check to see everything is okay,

1 and catch up with Al, and we had proposals for him back
2 in the days where, can you put another bakery, so on
3 and so on here, and we went and discussed. He came to
4 the office a lot, and just visits.

5 Q. Gotcha. Did you ever have any concerns
6 about the ability of Bask Bakery to service the bread
7 for all the different Deli Delicious restaurant
8 locations?

9 A. No. The track history they had, they
10 never pointed that something was wrong, or they
11 couldn't have done this, or there wasn't somebody that
12 could sake over after Al. They never showed us any
13 kind of stuff like that. Anything that was asked of
14 them, they did.

15 Q. I know it's hard because you were there
16 for a long time. Okay, so let's start with the period
17 of time that you were working for Deli Delicious, DDFI,
18 okay? How many hours a day did you devote to working
19 for DDFI?

20 A. I used to work full time there, so at
21 least eight hours.

22 Q. Five days a week?

23 A. Maybe more six or seven sometimes. But
24 my job wasn't in the office -- so not all of it was at
25 the office where everybody could see me, and nobody --

1 my dad especially couldn't understand that our business
2 is selling franchises, and we have 50 stores out there,
3 and he needs to be in the store checking things, and
4 talking to franchisees, and if not, most of it needs to
5 be out, especially my job as a COO, and so, yes, it was
6 full time. It was maybe 60 to 70 hours a week going
7 towards, not only being a franchisee myself, being a
8 training store myself. I had two stores, both being
9 training stores. At one point, I was doing the
10 training myself. So with all that stuff, well over 60,
11 70 hours a week.

12 Q. There was some discussion earlier, I think
13 with Store No. 1 on Blackstone and Bullard about
14 whether or not that store is compliant, whether or not
15 there could be gas that services -- that would service
16 the building, I guess. Do you know for sure that your
17 water heater you testified about is gas powered and not
18 electrical powered?

19 A. I'm not sure, no. I am not 100 percent
20 sure, but normally those water heaters, from what I
21 know, is gas. I have heard some stuff about they can't
22 bring gas here, but I was an operator there for many,
23 many, many, many years, and there's gas right across
24 our sidewalk on the other side because the restaurant,
25 they were going to put a restaurant in -- this is many

1 years ago, again. They were going to put a restaurant
2 right across us, and they did all the work, and they
3 almost opened up, but it never opened up for business,
4 but there was gas there. I remember they pulled gas
5 all the way to that restaurant for their hood system
6 and their grills, and all that stuff. It was right
7 across the street. Not the street, the sidewalk, so
8 the store, like maybe ten feet across the street from
9 me.

10 Q. Okay. You just mentioned a water heater
11 earlier as an example why you thought there might be
12 gas, so I'll represent to you that that's an electric.

13 A. Okay.

14 MR. KHARAZI: Lack of foundation.

15 BY MR. SCHNEIDER:

16 Q. Did you have access to the books and
17 records at Deli Delicious?

18 A. Books and records as for as financial
19 records.

20 Q. Yes.

21 A. I mean, it was very tough to get any kind
22 -- they kept a lot of stuff from me. The only time I
23 saw stuff was in the Board room for about five or ten
24 minutes when Jennifer would come in. Especially
25 towards the end. Towards te beginning of the

1 franchising, Inc., I was kind of kept away from the
2 financial side of it, you know.

3 Q. Were you given access to Quick Books?

4 A. I did get access, but I could never log
5 in. I asked many times for there to be some kind of a
6 -- to give me another password, or to show me how to
7 log in, which my brother always said "Oh, I gave you
8 the password, go log in." And even if you did log in,
9 you couldn't make of anything, you know.

10 Q. So you were able to log in, it sounds
11 like?

12 A. I wasn't because the password was always
13 not working.

14 Q. I'm just asking how would you know that
15 you couldn't make sense of it when you logged in, if
16 you hadn't logged in?

17 A. Because they showed me a couple of times
18 when I was in Jennifer's office, they showed me, and
19 they would bring in stuff in the Board meetings that
20 had to do with financials, I could never make sense.
21 There was always questions they couldn't answer, by
22 myself, by Ali, and they will say, "Jennifer will find
23 out and let you know later," but that never happened.

24 Q. Did you ever see any rebate checks from
25 Saladino's or hear that any had come across?

1 A. What was that?

2 Q. Rebates from in Saladino's, did you ever
3 see any?

4 A. I mean this stuff is very, very open
5 public. You can ask them, yes there was.

6 Q. No, I asked if you saw any?

7 A. Absolutely, I saw some from J&D, from
8 Pepsi, from Saladino's. There was -- yes.

9 Q. How about from Cisco. Did you ever see
10 there be a check that Cisco had offered up to your
11 father to do business with that business?

12 A. Cisco, we never worked with Cisco when my
13 father was -- he never allowed that to happen, so I
14 don't know.

15 Q. Are you aware of a time that Cisco sought
16 Deli Delicious business and offered up a bunch of
17 money, and your father said, no?

18 A. I don't know about that. I don't
19 remember, maybe. But again, Cisco -- I don't know why
20 Cisco has anything to do with it because we never
21 worked -- as much as we wanted to, I wanted to, we
22 never worked with Cisco.

23 Q. Right after your separation from DDFI,
24 were you are given an opportunity to work as a
25 consultant for the same pay for DDFI?

1 A. Like I told you they gave me a letter in
2 Farsi by my dad, which I still have, and I can search
3 it up in my e-mail and show you if you want. I'm
4 pretty sure Ali has it, because he translated it in
5 very cursive that I couldn't read, I asked him could I
6 please have an official translator that can translate
7 the stuff my dad is saying, and give it back to me in
8 the format of text, like a printed text.

9 Q. I understand all of that. I want to try
10 to get you out of here. I don't rehash something
11 you've already -- my question, though, is whether or
12 not you were offered -- as soon as the separation
13 happened, whether you offered an opportunity --

14 A. Like, did somebody tell me something, no,
15 because that was the only way they communicated is that
16 letter or e-mail, never. If it said it that letter, I
17 told them I can't read this letter. Maybe it mentioned
18 something. I tried to make sense of Ali's translation
19 on that letter, but I couldn't, and I asked again, and
20 I asked numerous times for them to send me a text
21 version so I can read to see what this document said.
22 Of course, I could read some of the stuff, but that
23 doesn't count. I need to be able to write. I don't
24 read Farsi.

25 Q. I understand, I understand.

1 A. That's the only letter that would say
2 anything as far as anything.

3 Q. So is today -- right now the first time
4 you ever heard the idea that you might have been
5 offered a consulting role at DDFI after the separation?

6 A. Yes, as a matter of fact, this is the
7 first time.

8 Q. Okay.

9 A. I don't know if -- either you're telling
10 me, or --

11 MR. KHARAZI: Let me make an objection.
12 Assumes facts not in evidence. I haven't seen it.

13 BY MR. SCHNEIDER:

14 Q. You testified earlier that you had talked
15 to your mom and dad, and they wanted them to come
16 and see the lawyer which I guess was me, right? Did
17 they offer to help you at that point in time?

18 A. They offered to help me, and right when
19 that -- they offered, but they never did. And right
20 when whole letter -- that article came out from that
21 one guy, they never reached out anymore, so it just
22 went south.

23 Q. What was the offer they extended to you,
24 your parents?

25 A. I really don't remember. If you want to

1 move in here, we could pay your rent, but that was
2 never done. So I don't know. What they offered was
3 whatever they offered. It was tied to me meeting you.
4 Somehow I figured out it was tied to me. That offer
5 was tied to me coming to your office and doing what you
6 told me to do.

7 Q. Okay. No, I understand. I was just
8 wondering what the offer was. If you remember what the
9 terms were. What things were you offered?

10 A. As I tell you, there was a house that they
11 rented for themselves. They told me that they were
12 going to buy a house next door with a pool or
13 something, and you can come and live here, but, please,
14 go see the lawyer. And after that, that never happened
15 because I guess I never came to see the lawyer, which
16 is you.

17 Q. No, I understand. And your parents never
18 told you why they wanted you to see me? You just knew
19 that they asked you to come see me?

20 A. They wanted me to sign some stuff that you
21 have, and go there and do exactly what he says. I
22 said, "What is it? You want me to go and say what,
23 that whatever you said is right?" And they said, "Just
24 go there you'll find out. Just sign and do exactly
25 what Mr. -- the lawyer tells you to do." Because I

1 agreed not to come and see you. I agreed to call you,
2 which I did.

3 Q. Well, I appreciate that. Thank you for
4 those conversations then and again now. I was going to
5 ask you, if I remember, you did an audio recording on
6 one of our calls.

7 A. I'm sorry, I'm getting --

8 MR. KHARAZI: Dr. Namdarian, your audio is on.
9 Please turn off your audio.

10 BY MR. SCHNEIDER:

11 Q. There you go. On that last conversation,
12 I just wanted to make sure, you had audio taped our
13 conversation; do you remember doing that?

14 A. Me and yourself?

15 Q. Yes.

16 A. You said you don't want to be recorded and
17 erased and recorded, and I said this is for my only --
18 and I erased it. So I don't have an audio recording of
19 you at all.

20 Q. I just wanted to make sure you had done
21 that, because I didn't give permission.

22 A. Oh, yeah. I don't have an audio
23 recording.

24 Q. Have you ever been the president of DDFA,
25 the franchising association?

1 A. I don't know.

2 Q. You don't know if --

3 A. You mean DDFI or DDFA?

4 Q. A.

5 A. A, no, never.

6 Q. Have you ever been involved with DDFA?

7 A. No. As I said before, I had one meeting
8 which I went to kind of tell them my feelings about my
9 family and Ali, and that was it.

10 Q. Who has access to the meetings, the
11 minutes of the DDFI Board meetings?

12 A. I wouldn't know. How am I supposed to
13 know, sorry?

14 Q. Well, you were a Board member, correct?

15 A. Board member of DDFA?

16 Q. No, no, I am sorry, too many acronyms.
17 DDFI. I am sorry for that confusion. Do you know who
18 has access to the Board meeting minutes of DDFI?

19 A. Yes.

20 Q. Who are they?

21 A. Right now, I don't know. I don't know
22 right now, but Ali Nekumanesh handles all that stuff.
23 He take the notes. He files the notes. He does
24 whatever he has to do.

25 Q. For the time period when you were there

1 before your separation --

2 A. Yes.

3 Q. So when you were attending those meetings,
4 who had access to the minutes of those meetings?

5 A. Ali would have, and are you asking if we
6 all had access to the meetings?

7 Q. Yeah, how many people of DDFI had access
8 to the meetings while you were there?

9 A. The Board members. I would say the Board
10 members.

11 Q. And at the time you left, it was you, Ali,
12 Hesam, your father, was your mother?

13 A. Yes, she was a Board member also. I am
14 pretty sure she would have to have access to them.

15 Q. Your younger brother too?

16 A. Yes. Not that they ever went and asked
17 for any of the minutes, but I don't know, I think they
18 would have access.

19 Q. Sure. Have you ever shared any Board
20 meeting minutes with any of the franchisees?

21 A. No.

22 Q. Have you ever been a signatory on any DDFI
23 bank account?

24 A. DDFI bank account?

25 Q. Yeah.

1 A. No, not to my knowledge.

2 Q. Have you ever signed any checks or
3 anything for DDFI?

4 A. No. The signers were only my brother and
5 my dad, I believe, and my mother maybe.

6 Q. And just to add real quick to the books
7 issue, the accounting, the financials, you asked for
8 credentials a couple different times, I think you
9 testified. Whom did you ask?

10 A. Credentials?

11 Q. The passwords for Quick Books.

12 A. Hesam. At that time, he handled
13 everything.

14 Q. About how many times did you ask?

15 A. About three times, three or four times.

16 Q. Okay. Was there ever a meeting that you
17 remember where you and Ali, and Hesam, and your father
18 got together at the very -- kind of towards the end of
19 your tenure at DDFI, and sat down, and kind of agreed
20 that you all couldn't work together anymore?

21 A. Work together, yes, but I was supposed to
22 be on the Board. Just like my mother doesn't want to
23 work inside there. Just like my little brother doesn't
24 want to work, but they're still on the Board. I told
25 them because of what was going on in the office, the

1 mood, the environment, what Ali was doing, I didn't
2 want nothing to do with that, being inside that office
3 all the time because it just really, really bothered
4 me. Really hurt me, bothered me what was going on with
5 Ali, and my dad, and Hesam, how they treated people,
6 that's the reason I didn't want to be a day-to-day, but
7 I was on the Board. It was agreed that I would be paid
8 just like everybody else that was a Board member for
9 the past ten years or whatever, my brother was getting
10 paid, my mother was getting paid a salary because they
11 were Board members. It was agreed that I was going to
12 get paid, and nothing was going to change as far as my
13 pay because I was a Board member.

14 Q. I think I meant more towards the end, and
15 maybe that's what you are meaning. But was there ever
16 a time that your family got together and just agreed
17 that you guys all couldn't work together anymore. You
18 couldn't work with them, and they couldn't work with
19 you?

20 A. Meeting, meeting, that there was talks
21 with me and my dad. You're asking me if there was like
22 a Board meeting or some kind of official meeting?

23 Q. Maybe someone's home, anything like that?

24 A. Maybe. Maybe, yeah. Maybe someone's
25 home, you asked?

1 Q. Yeah. Just some informal setting where
2 you guys got together, and talked about whether or not
3 you can continue to all work together?

4 A. I don't recall. There was a meeting right
5 afterwards where they requested everybody to come to
6 Ali's house when all this went down, and I don't recall
7 what happened there. We went out shaking hands after
8 that, and I was to be a Board member because I didn't
9 want to come in and handle what was going on on a
10 day-to-day basis with all that stuff. It was just very
11 stressful for me.

12 Q. A few more questions. You mentioned
13 lawsuits you had been involved with before, and
14 obviously the one we talked about with DDFI. I thought
15 you testified that you hadn't been in any other
16 lawsuits but then you mentioned at least one other.

17 A. Any other lawsuits which is --

18 Q. Where you have ever been sued.

19 A. Well, you course, we all know that you
20 guys are suing me, but other than that --

21 Q. Aside from that one.

22 A. I don't know of any. Not that I have. I
23 don't have any kind of nothing in my hand that says I
24 am being sued by somebody.

25 Q. Has Wells Fargo sued you?

1 A. Wells Fargo? I don't know. Not that I
2 know of, no.

3 Q. How about -- I am going to ask actually --
4 I am going to ask Sean to share a document. I believe
5 we found two lawsuits. I want to ask you about those
6 real quick.

7 A. Okay.

8 Q. Hadi, do remember Robert and Gina Johnson
9 who sued you?

10 A. Yes. Sued me? I don't know if they sued
11 me, no. They've never sued me, no. I don't know. If
12 they did, I don't know. I didn't even know you sued me
13 until a couple of months ago, so...

14 Q. Okay. We're going do just table that one.
15 I want to finish the last couple of question. I want
16 to get the text side that we're not great at. Let me
17 make sure that I get those up to you, and then we'll
18 finish off, okay?

19 Did you speak to Mr. Namdarian before today's
20 deposition?

21 A. No.

22 Q. Have you spoken to Mr. Namdarian about the
23 lawsuit that DDFI has against him?

24 A. No.

25 Q. When was the first time you spoke to

1 Mr. Kharazi about this lawsuit?

2 A. About this lawsuit, maybe a couple days
3 ago he told me that the process of the whole
4 deposition, and you depose me. I have got a deposition
5 in the mail again, that was the only time.

6 Q. You guys talked about topics or anything
7 like that, that you would be asked about?

8 A. No.

9 Q. Did he provide you with any records,
10 anything to look at before today?

11 A. No.

12 Q. Mr. Nekumanesh was deposed earlier today.
13 Did you witness or listen in on that deposition?

14 A. No. I got here around 12:30, and I was
15 asked to leave and come back about 1:30 or so.

16 Q. Sure. I earlier showed you a long time
17 ago the franchise agreement that you signed, and I went
18 through some of the obligations that are under
19 confidentiality. Why did you choose to disregard those
20 obligations of confidentiality?

21 MR. KHARAZI: Objection. Argumentative.

22 BY MR. SCHNEIDER:

23 Q. I'm sorry, Hadi?

24 A. Why did I --

25 Q. Why did you chose to disregard those

1 obligations, and Mr. Kharazi had an argumentative, I
2 think objection.

3 A. Just a personal choice; I don't know.

4 Q. I believe you testified earlier that you
5 thought that the franchisees wouldn't trust DDFI
6 anymore if they moved from Bask Bakery bread to DD's
7 Bakery bread; did you testify that way?

8 A. I mean, I testified -- I think I said that
9 if I was the franchisee, which I was a franchisee also,
10 I wouldn't see this as a right thing to monopolize this
11 whole bread thing, and to have only one vendor sending
12 bread, which I don't know if you know or not, but we
13 always said there has to be at least two vendors for
14 everything that we sell to franchisees. They have to
15 be able to buy that same product somewhere else. I was
16 always against it that this would create problems with
17 franchisees trusting us, yes.

18 Q. Who was the alternate while you were still
19 associated with Deli Delicious, who was the alternate
20 bread vendor to the Bask Bakery?

21 A. We were looking at options, and there was
22 another option also which was DD Bakery, itself. You
23 know, at one point, that's what I was under which I
24 didn't agree to, but they said they were going to just
25 sell to the franchisees that are outside of the area,

1 so not in the central valley. The central valley was
2 always supposed to be French Bask Bakery.

3 Q. The policy might be the wrong word, okay.
4 But when was the -- you said there always should be a
5 separate vendor?

6 A. I believe it's in the franchise -- if I am
7 not mistaken, it's in the franchise disclosure
8 document. If it hasn't been changed, you know, because
9 franchise disclosures documents change on a daily
10 basis, you know, so...

11 Q. While you were there. I'm just curious,
12 you said that there were efforts made to find or to
13 identify a second vendor for bread?

14 A. Yeah.

15 Q. What were those efforts, who was running
16 the efforts?

17 A. All of us.

18 Q. Are you aware -- I am sorry.

19 A. Including myself.

20 Q. No, the 23 or so years you were associated
21 with Deli Delicious, was there ever a designated
22 alternate bread vendor?

23 A. There was one time, two times, I think,
24 two times.

25 Q. Do you remember who they are?

1 A. Once being north stores when we got the, I
2 believe it's called Maruit[sic]. I don't know the name
3 of the bakery, Meragio or something like that, that was
4 approved to sell bread to the franchisees up north, but
5 since they all closed down, we didn't need that option
6 anymore.

7 Q. With respect to the transaction where
8 Mr. Namdarian acquired the franchise from DDFI, what
9 personal involvement did you have with that
10 transaction?

11 A. Personal involvement in which transaction,
12 Mr. Namdarian, and --

13 Q. DDFI.

14 A. Which --

15 Q. Either one.

16 A. What do you mean, as far as what do you
17 need to know as far as?

18 Q. Well, I am just curious, were you involved
19 in any of the franchise acquisitions or sales
20 negotiations?

21 A. I was involved as far as just being in the
22 meetings itself, but all the agreements and everything
23 else was done by Ali. Even for us, our agreements, any
24 agreements for the family members, any agreements for
25 any franchisees that were buying stores from family

1 members, all was done by Ali.

2 Q. So Mr. Namdarian, he had two locations?

3 A. I believe so, yes.

4 Q. Can you just describe for me in detail
5 here, your involvement with the process of him
6 acquiring those two stores?

7 A. The process?

8 Q. Yeah. Who was handling that for DDFI, and
9 were you in the meetings that transpired?

10 A. Most of like maybe, yes, there was one
11 time where my dad says -- came up to me personally, and
12 said, "Don't talk to Mr. Namdarian and Mr. Boziah.
13 Make sure I am there, or it's in the meeting. Don't
14 ever talk to them by yourself." Which I don't know why
15 he said that, but there was a time he said that, but as
16 far as I remember, I was in all the meetings that they
17 were -- they had buy the two stores.

18 Q. Okay. And you mentioned a bunch of
19 duties. So you did a lot when you were associated with
20 Deli Delicious, DDFI. Was some of those duties, did
21 they involve actually the transaction that has been
22 solved. Having a new franchisee come in and acquire
23 franchisee's -- somebody else?

24 A. All the paperworks, agreements, all that
25 stuff was done by Ali.

1 Q. Discussions associated with that too,
2 correct?

3 A. Discussion always were in the Board, yes.
4 After everything got approved in the Board then other
5 transactional meetings were done by Ali, all the terms.
6 All the paperwork and documents were done him.

7 Q. Communications with individuals or
8 individuals purchasing the franchise were all done by
9 Ali?

10 A. Yes. After it got approved, of course it
11 was mentioned to the Board of Directors also.

12 Q. And in those conversations after Board
13 approval, were you a party to those conversations that
14 Ali had with the new franchisee or the franchisor that
15 was selling?

16 A. I don't know if I was involved in all of
17 them or not.

18 Q. Were you involved with Mr. Namdarian?

19 A. There were some that were kept away from
20 me, and I found out that there were meetings that I
21 wasn't there. I found out from some of these people
22 that are in the meetings, and if that answers your
23 question, I don't know.

24 Q. Mr. Namdarian was one that you were not
25 part of, or you were not part of?

1 A. I was a part of. That was part of the
2 meeting where they were buying Store No. 8, and Store
3 No. 14.

4 Q. I don't want to split hairs. I just -- a
5 meeting, a Board meeting, and then there's post Board
6 meeting that happens between Ali, and in this case,
7 Mr. Namdarian. Which of those two types meetings were
8 you involved with?

9 A. Both.

10 Q. Okay.

11 A. In that particular case, both.

12 MR SCHNEIDER: Chris, I'm sorry to postpone
13 that, can you show -- it doesn't matter which one.
14 Just open one of the Complaints.

15 BY MR. SCHNEIDER:

16 Q. So here is the Johnson Complaint. Take a
17 moment and maybe Chris can help you scan through it.
18 Have you ever seen this document before?

19 A. Never.

20 Q. Are you aware that this action is pending,
21 or if it is pending?

22 A. I was never aware of it. This is the
23 first time I am seeing it.

24 Q. Have you -- okay. So why don't you take a
25 second, and just skim it really quick.

1 A. Yeah, it's -- I see the lawsuit, yeah.
2 This is my first time looking at it.

3 Q. Have you resolved whatever dispute there
4 was between you and the Johnson's?

5 A. I don't know of any -- what is --

6 MR. KHARAZI: Wait a minute, is that for tore
7 No. 14? It's got 2042 East Copper?

8 MR. SCHNEIDER: It is. I believe it was 14,
9 Ty?

10 MR. KHARAZI: Why is he getting sued for 14?
11 Looks like there was a note on it.

12 MR. SCHNEIDER: It appears that Johnson thinks
13 he owes him money.

14 MR. KHARAZI: Right. For the Store No. 14.

15 THE WITNESS: Like I have always discussed,
16 and wrote e-mails and talked to the bank that the loan
17 was issued from. After the company let me go, my
18 financials went south, and I couldn't have paid a lot,
19 a lot of stuff. I could barely survive right, now as
20 we speak. So this must have happened after I was let
21 go from the company, and I made numerous attempts to
22 talk with the bank, which is Fresno First Bank, with
23 everybody being present which they told me they were
24 going to have, but they returned. They never got back
25 to me to sit down and meet and talk about this loan

1 that they said that was on the No. 14. That was a
2 personal loan that was given to me, and I discuss with
3 Ali about that. I discussed with the president of bank
4 about that. If was a personal loan, and after what
5 happened, and I wasn't getting a check or anything
6 anymore. Everything went south, so I couldn't pay a
7 lot of things.

8 BY MR. SCHNEIDER:

9 Q. Thank you for looking at that. I just
10 appreciate the information.

11 Oh, I want to have this marked as whatever the
12 next exhibit in order is, please, Florence.

13 MR. KHARAZI: Florence, No. 1 would be the
14 deposition notice, and I think this would be No. 2.

15 (Exhibit 1 and Exhibit 2 were marked for
16 identification.)

17 BY MR. SCHNEIDER:

18 Q. And then the next, one Chris. I know you
19 may not have seen this one either. This one looks like
20 it was filed over this last summer, June of '19?

21 A. It might have been because I am not paying
22 a lot of my -- all of credit cards are -- my credit is
23 420 right now. So -- it was and it was 810 before I
24 was let go, and it quickly, quickly changed. I
25 couldn't pay a lot of stuff. This is the first time I

1 am seeing Wells Fargo suing me for that credit card,
2 it's a credit card.

3 Q. It popped up when the litigation came up,
4 and I just wanted to make sure that I had a chance to
5 ask you about this. Have you hired a lawyer for this
6 case?

7 A. For which case?

8 Q. This one right here, Wells Fargo?

9 A. No, I didn't know it existed. Like I
10 said, I haven't seen it until now.

11 MR. SCHNEIDER: Okay. Okay. Then we'll have
12 this be the next exhibit, please.)

13 (Exhibit 3 was marked for identification.)

14 BY MR. SCHNEIDER:

15 Q. And the last question, I think, or at
16 least last that's mine before I take one minute to
17 collect my thoughts. You had some involvement with
18 formulating the franchise agreement, you testified
19 earlier, with DDFI. What's purpose -- what's of a
20 franchise agreement in your -- -

21 MR. KHARAZI: Objection.

22 BY MR. SCHNEIDER:

23 Q. In your understanding, what's the purpose
24 of why there would be franchise agreement between the
25 franchisor and franchisee?

1 MR. KHARAZI: Objection. Calls for a legal
2 conclusion. Incomplete hypothetical. Go ahead.

3 THE WITNESS: I am pretty sure we all know the
4 answer to that, so I am going to save the time. Every
5 franchise company needs a franchise disclosure
6 document.

7 BY MR. SCHNEIDER:

8 Q. Why?

9 A. And we were a franchise company, and we
10 needed to have a franchise disclosure document.

11 Q. Why? No, not a franchise disclosure
12 document. A franchise agreement between you --

13 A. Franchise agreement which is a
14 continuation of the disclosure, which is what the
15 disclosure says, which is we have to pretty much sign
16 everything.

17 Q. Si, it's a rule, though, for lack of a
18 better phrase, right?

19 A. You might say that, yes.

20 Q. So it's important -- in your experience,
21 you worked for DDFI for awhile, and it's important for
22 there to be rules for franchisees to follow; is that
23 your understanding through your with experience with
24 DDFI?

25 A. Okay.

1 Q. Is that your understanding?

2 A. That's my understanding, yes.

3 Q. I am just curious to know if the franchise
4 agreement -- this one says it provides for the
5 franchisor in this case to you all chose the vendors,
6 correct? This is yours, the one we're talking about
7 today, the franchisor has the right to chose vendors,
8 right?

9 A. What are you looking -- what are you
10 saying?

11 Q. I am just curious to know if you have a
12 problem or personal issue, you worked for DDFI, you
13 understand your family business who was very successful
14 with operating --

15 A. Of course, it's my company, I know
16 everything, yeah.

17 Q. Right. So --

18 A. I'm coming after it.

19 Q. Pardon me?

20 A. I am coming after it. That's my company.
21 I want it back.

22 Q. Okay. Okay, okay. So that question
23 really was, as far as you understand, the franchisor
24 has the ability contractually in these agreements to
25 designate the vendors for the food products sold in the

1 stores, correct?

2 A. Correct. And the franchise company also
3 has a Board of Directors, that in this case, this was
4 never approved in the Board. So how can it be a vendor
5 when it was ever approved, and the company just went
6 out there on its own and decided that, so how can that
7 be when something doesn't get approved in the Board,
8 that means it's not approved as something to -- you
9 understand where I am going?

10 Q. I understand where you are going. I
11 guess, that's not really my question. I guess my
12 question for you is, through that agreement, does DDFI
13 have the ability and the right to designate vendors for
14 food products?

15 A. That agreement to me is false. If you are
16 talking about franchise disclosure agreement, when you
17 open the book, the first few pages, I don't agree to
18 that document at all.

19 Q. Well, I guess we are talking about a
20 couple different things here, because the lawsuit you
21 are being deposed in right now is involving
22 Mr. Namdarian, correct?

23 A. Okay.

24 Q. And so you are talking about you don't
25 agree with -- are you speaking about your own personal

1 franchise agreement?

2 A. It's not my own personal.

3 Q. The document -- well, I showed it to you
4 earlier today. So is that the document you said you
5 are disagreeing with? I'm just trying to figure out
6 what you are disagreeing with.

7 A. No. Well, I am trying to understand what
8 you are trying to ask me.

9 Q. So, I am just asking because you were part
10 of the company. The franchisor, while you were there,
11 had the ability to designate vendors for its
12 franchisees to use food products, correct?

13 A. Yes. That was our vendor was Bask for the
14 longest time, so I don't know why -- what would happen
15 as far as -- it says in those books that vendors, yeah.
16 We all signed. I personally signed those franchise
17 documents or agreements thinking that Bask was going to
18 be our vendor of the bread. I mean, I personally
19 wouldn't sign my own franchise agreement if I knew that
20 Bask wasn't going to be a vendor, which I didn't know
21 at the time. I thought Bask -- since Bask delivered
22 and made those breads for us over the last 20 some-odd
23 years, they made those breads for us. We only had one
24 type of bread. They made the french. They made the
25 wheat. They made the sourdough. To my -- I personally

1 asked them for those breads. So when you are telling
2 me, yes, the franchise documents, when I signed it, I
3 signed it knowing that that was going to be the vendor,
4 and I am pretty sure that's true with all the other
5 people that signed it also. They thought Bask Bakery
6 was going to be the bread vendor, and maybe that's why
7 -- go ahead.

8 Q. Just a few more questions. So with
9 respect to your own franchises that you had, okay, did
10 you read and understand the franchise agreements that
11 you signed?

12 A. I mean, they just put it in front of us,
13 and I signed it, yeah, but I read it from previous, but
14 since it changed every year pretty much, I don't know
15 exactly if I read it or not, or if it was the one that
16 was changed, or if it was the first few ones that I
17 signed, or --

18 MR. KHARAZI: Okay. We've got to wrap this
19 thing up, it's almost six o'clock, so I have a few
20 questions for him, so...

21 MR. SCHNEIDER: All right. Let me look at my
22 notes one more time. I really don't think I have
23 anything else for you. I know Hadi wants to go, and
24 I'll get my thought together.

25

EXAMINATION

1
2 BY MR. KHARAZI:

3 Q. Thank you. Hadi, I got a couple questions
4 for you. Based on your cross-examination by
5 Mr. Schneider, I understand that frozen bread was an
6 exception, not the rule; is that correct? In other
7 words, use of the frozen bread was an exception in the
8 event of emergency only at the restaurants, right?

9 A. Absolutely.

10 Q. So, if you kept frozen bread in the
11 inventory, it was not for ordinary regular use, it was
12 a back up as an emergency; is that correct?

13 A. It was a backup as mainly, mainly as an
14 emergency. Something really emergency happened.

15 Q. And if you used it during your tenure with
16 DDFI or Deli Delicious restaurant, you only used it for
17 emergency purposes, right?

18 A. Absolutely.

19 Q. Now, Mr. Schneider asked you if
20 franchisors have a right to choose their products. As
21 you sit here today, do you believe the franchisor has a
22 right to choose an inferior product over a better,
23 fresher product?

24 A. You are asking me?

25 Q. Yeah. If the franchisor can choose an

1 inferior product?

2 A. No.

3 Q. Could a franchisor mislead the public
4 saying say product is fresh, whereas it's frozen?

5 A. No.

6 Q. Would a franchisor have the duty to take
7 care of a franchisee's best interest as well?

8 A. Absolutely.

9 Q. Would you think that the sale of a frozen
10 bread would be the best interest to franchisees when
11 they are advertised as fresh?

12 A. No, that's my main problem too, yes.

13 MR. KHARAZI: Nothing further.

14 BY MR. SCHNEIDER:

15 Q. Hello, Hadi, you operated Store 14, right?

16 A. For some time, yeah, less than a year.

17 Q. Is that the same one that was involving
18 Johnson, or is that a different one?

19 A. It's the same one.

20 Q. Did you know at the time that you sold
21 Store 14 to Mr. Johnson that there were loans out
22 there?

23 A. Of course there were loans, yes. But
24 those are personal loans that, you know, when I sold
25 the store to Mr. Namdarian, I called the bank, Fresno

1 First, talked to the president of the bank. I think, I
2 don't specifically recall his name. That's the first
3 thing I did. I told him, "Hey, I sold my store. Do I
4 have to pay the loan back, or can I do what I want with
5 the money?" He told me, "No. This is a personal loan,
6 and you can do whatever you want." So I went ahead and
7 used that money to pay off all my credit cards, which
8 are closed right now, all are closed. Paid off all my
9 credit cards with it. Then I called Ali Nekumanesh.
10 Told him, "Hey -- " this was a year a prior to, and I
11 was making payments, by the way until a year after,
12 which was about three months after I got let go from
13 the company. So I was making payments on that loan for
14 a year. The bank knew I sold the store. I was making
15 payments. They were okay with it because it was a
16 personal loan, they mentioned.

17 I called Ali Nekumanesh the same day I sold
18 the store. I told him, "Hey, they are telling me this
19 is a personal loan and I don't have to pay it back.
20 What do you think?" He said, "Well, if you bank told
21 you that, that's what it is. You do whatever you
22 wish," and that's what I did.

23 Q. Did you disclose that loan to the buyer at
24 that franchise?

25 A. Yes, I did. And I told him, "This is a

1 personal loan. You don't have nothing to worry about
2 it. This is what the bank said, this is the e-mail
3 that they sent me, and this is what they say." I
4 showed them the e-mail from the bank saying that this
5 is what they told me, that it's not a loan against the
6 store, or the equipment, or of the store, or they would
7 have closed it by now. They would have just --
8 whatever they would have done. It wouldn't have
9 survived by now. This was a personal loan that was
10 given to me. It wasn't tied to the store at all.

11 Q. So the bank just forgave that loan?

12 A. Forgave that loan? No, they didn't. I
13 didn't pay it because I couldn't.

14 Q. So who was going to pay it?

15 A. When I stopped making payments, this was a
16 year after I sold the store. When I stopped making
17 payments because of my financial reasons, that I told
18 you about because I was let go, that's when I contacted
19 the bank. Wrote them an e-mail this long in paragraph.
20 Told them the reason why I can't make the loan. Told
21 them the reason what happened that I can't make this
22 payment anymore. And they said, "Okay. We'll call you
23 and let you know what happened." I said, "I am willing
24 to sit down with you and Ali, and all the involving
25 parties in your bank to see what we have to do, because

1 I really can't pay it anymore. I don't get a salary
2 anymore. I don't have a job. After 20 some-odd years,
3 I lost my job. I have three kids and a wife to take
4 care of. So what do you want me to do?"

5 Lee -- I remember his name too. The president
6 of Fresno First Bank's name was Lee. I have e-mails
7 going back and forth with him still to this day that,
8 "Hey, I am available anytime you want me to come sit
9 down with you and think of a resolution. Do you want
10 me to work for you in the bank for the next ten years
11 because of this? Anything you want me no do, but I
12 just don't have the money to pay it back because I'm in
13 a really dire situation financially." He was really
14 nice to me. He said, "I'll call Ali. I'll call your
15 dad. We'll set up a meeting." I followed up with him
16 a few times. The meeting never happened, and that's
17 where we are at right now. I haven't heard anything
18 about that loan until today.

19 Q. And did you tell -- the buyer is
20 Namdarian, correct?

21 A. Yes.

22 Q. Whose your buyer -- and you did or not
23 tell Mr. Namdarian about that loan?

24 MR. KHARAZI: Objection. Asked and answered.

25 THE WITNESS: Yes.

1 BY MR. SCHNEIDER:

2 Q. Okay.

3 A. Because they got involved too by the --
4 they got involved the year after they bought it that
5 the bank was threatening to come and close our store.
6 Your dad is telling me the bank is going to come and
7 close the store, or you are going to close it because
8 there's a cloud on it. And I gave them all the
9 documents I had that this is a personal loan. It has
10 nothing to do with your store.

11 Q. Do you have that e-mail that you
12 referenced?

13 A. I sure do.

14 Q. Can you share it with Mr. Kharazi?

15 A. I got to look for it, and another thing I
16 want to mention, my e-mail was with Deli Delicious back
17 then. I still had a Deli Delicious e-mail, which my
18 brother and my father, I guess, told the e-mail
19 provider, which was the tech guy that worked for us,
20 that -- they took away all the e-mails that -- that I
21 had. So they took away my login, they took away
22 everything. Every right I had with the e-mail,
23 everything. So if I have it, it's in those e-mails. I
24 need to request it back. So it's all in those e-mails
25 that they took back.

1 MR. KHARAZI: That's fine. Mr. Schneider's
2 client has them.

3 MR. SCHNEIDER: Okay. That's all I -- I
4 didn't know where it originated from. One last second?

5 EXAMINATION

6 BY MR. KHARAZI:

7 Q. Yeah, while you are thinking, Hadi, the
8 lawsuit that is pending against you by Johnson, that's
9 for the personal loan; is that correct?

10 A. That's for the personal loan too, yes.

11 Q. Right. That's for Store No. 14?

12 A. For Johnson, I don't know. For Johnson, I
13 had a little bit of a loan that was carried by him
14 personally for that store, and I was making payments
15 even more amount than the original amount was. It was
16 \$2,000. I was making \$16,000 payment to him until this
17 all happened, and it was taken away, my salary and my
18 insurance. I really didn't have a choice. I have
19 couldn't pay anything anymore. As you can tell, Bank
20 of America, Wells Fargo credit cards are after me. I
21 have no money. How can I pay anything when I don't
22 have any money?

23 Q. What happened to the money that Namdarian
24 paid? Did it all go you, or did it go to the company,
25 did it go to you dad? The money that Dr. Namdarian

1 paid for Store No. 14, who got that money?

2 A. Most of it went to Mr. Bob, himself, for
3 the purchase of that store so -- because I purchased
4 the store from him for \$350,000.

5 Q. And how much did you sell it to
6 Dr. Namdarian?

7 A. I don't remember. I don't recall,
8 honestly.

9 Q. And then, do you know whose idea --

10 A. And then I was making a year -- I'm sorry.
11 I was making payments for a year for that loan also.
12 So it was a \$4,000 payment that I was making every
13 month for a year. So some of it went to that. Some of
14 it I got, and asked the bank if this is a personal
15 loan, which I 100 percent made sure this was a personal
16 loan until I paid off some of my credit cards, so some
17 of it went to that.

18 Q. And whose idea was it that the purchase by
19 Dr. Namdarian wouldn't go through the escrow?

20 A. It was either Ali's or my dad.

21 Q. It wasn't your suggestion?

22 A. No.

23 Q. And I want to make sure just at least for
24 my client's sake, there is no money owed to the bank
25 for this store, right?

1 A. For the --

2 Q. For the Copper store, Store No. 14, is
3 there money owed to the bank?

4 A. I don't know. Yeah, I'm pretty sure there
5 is a loan owed to them, but they've never contacted me
6 about that. Remember I said -- like I said, I wanted
7 to meet with the president and everybody to discuss
8 this whole thing, it never happened.

9 Q. Who is borrower on that loan?

10 A. Borrower, myself.

11 Q. For the specific bank? Do they say UCC1;
12 do you know?

13 A. I don't know. I don't recall.

14 MR. KHARAZI: Okay. All right. That's it.

15 EXAMINATION

16 BY MR. SCHNEIDER:

17 Q. This has gone on a long time, Hadi, I am
18 sorry. I have two questions. When you talked to the
19 bank, when you offered to sit down with the bank about
20 Store 14, and what can I do, can I work for bank, those
21 conversations, did you ever suggest to the bank that
22 they go talk to your dad about getting repaid?

23 A. Of course. I told them exactly what
24 happened. I lost my job. I was the chief operating
25 officer of Deli Delicious. I don't have any money to

1 pay you back because I really don't have any money. I
2 was making mere payments, and if you need to talk to my
3 dad -- he actually brought it up that he needs to go
4 talk to my dad and Ali, himself. And I said, "Yes,
5 when you can, talk to them, and I'm available to meet
6 with you guys at the bank, if you want."

7 Q. Was your dad a borrower on that loan? Was
8 -- did he sign off on that loan, was he a guarantor, or
9 did he sign on that loan for you?

10 A. I don't believe so.

11 Q. Earlier today I learned that there was an
12 EDD lien, and also an IRS lien?

13 A. Whatever lien you have is after -- as I
14 can tell you, my credit was 810 until I was let go in
15 mid 2018. Whatever happened, I don't even know what
16 happened because it got so depressing for me that I let
17 everything go. So whatever happened, I didn't know of
18 it, and it's after that.

19 Q. Now, on the EDD lien, that's money that
20 you collected from your employees, and wasn't paid in,
21 that wasn't paid. So whatever happened to the money,
22 did you spend every dime you collected from your
23 employees and pay off EDD?

24 A. No, never.

25 Q. So you didn't -- so you paid the EDD for

1 all the money you collected from your employees?

2 A. Of course, as far as I remember, until --
3 I don't know what happened to the last month, but they
4 would have contacted me right now if I owed something.
5 They would have froze my bank account if I had -- there
6 was nothing going on with that. I even contacted EDD
7 at one point, and they said there's nothing going on.
8 They wanted me to share some numbers with them and I
9 did. I don't know which EDD thing you're talking
10 about.

11 Q. You're not aware of any EDD lien or IRS
12 lien that was in existence?

13 A. No. I'm current with the IRS. I am
14 current with the State. I don't know you're talking
15 about.

16 Q. If you weren't aware of it, obviously you
17 didn't disclose any EDD or IRS lien to Dr. Namdarian;
18 is that correct?

19 A. There wasn't any type of lien.

20 Q. So there was no disclosure to
21 Mr. Namdarian about an EDD lien or an IRS lien?

22 A. Which means there wasn't one at that time?

23 Q. So the question is yes, there was no
24 disclosure, right?

25 MR. KHARAZI: David, you asked him that

1 question six times. It's already 6:10. You said you
2 had a few questions.

3 MR. SCHNEIDER: He actually didn't answer it.

4 MR. KHARAZI: I don't know if you -- my client
5 has got his own EDD number, I assume. He's got his own
6 employees. So what does this have to do with Hadi and
7 his dispute?

8 BY MR. SCHNEIDER:

9 Q. It could have been done by now. Did you
10 ever make any disclosure of any sort about an EDD lien
11 or an IRS lien to MR. Namdarian? It's a yes or no.

12 A. If there was at that time, if there was
13 any EDD lien or IRS lien, it was under my dad's name,
14 not under me.

15 Q. Were you of there being such a lien in
16 your dad's name?

17 A. There was all kinds of letters coming to
18 every store that would -- call me, and say, "We got a
19 letter that you owe taxes in this location," because
20 seven stores in the beginning are all under my dad's
21 name so, yeah we were aware of it.

22 MR. SCHNEIDER: Like I said long day, thank
23 you, Hadi. I have nothing else.

24 MR. KHARAZI: We've got to get these
25 transcripts to you, Hadi to read. Would you take it by

1 e-mail?

2 THE WITNESS: Sure.

3 MR. KHARAZI: Okay. Off the record, I'll get
4 you e-mail.

5 (Off the record.)

6 BY MR. SCHNEIDER:

7 Q. I have one last -- I know I lied. Are you
8 employed right now, Hadi?

9 A. I am going to not -- I'm employed by
10 anybody, no.

11 Q. Are you self-employed?

12 A. I am not going to discuss that.

13 Q. You are not going to tell me whether or
14 not you are employed or self-employed?

15 A. I don't see any reason for that, no.

16 Q. Okay. So you refuse to answer the
17 question, okay.

18 MR. KHARAZI: Thank you. Good night,
19 everybody. Thank you.

20 MR. SCHNEIDER: Oh, wait, the handling of the
21 transcript; did we cover that already, Ty?

22 MR. KHARAZI: We are going to handle it by --
23 I want to send an e-mail copy to Hadi, is probably
24 fastest way to do it. Unless you want to come here and
25 read it; is he still there?

1 MR. SCHNEIDER: He's off.

2 MR. KHARAZI: You'll get your copy, I'll keep
3 the original. I'll get a copy to him somehow to read
4 and notify him.

5 MR. SCHNEIDER: Florence, I'd like a copy
6 please.

7 MR. KHARAZI: Then you want to mark those
8 lawsuits as exhibits?

9 MR. SCHNEIDER: Yeah, they were supposed to be
10 in executed order whatever those were.

11 MR. KHARAZI: So No. 1 would be my deposition
12 transcript, and No. 2 and No. 3 would be these two
13 lawsuits.

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DECLARATION OF DEPONENT UNDER
PENALTY OF PERJURY

I, HADI HOBAB, do hereby declare under penalty of perjury that I have read the foregoing transcript of my deposition taken on MONDAY, AUGUST 24, 2020; that I have made such corrections as noted herein, initialed by me; that my testimony contained herein, as corrected, is true and correct.

PAGE	LINE	CHANGE	REASON
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Dated this ____ day of _____, 2020, at _____, California.

HADI HOBAB

1 STATE OF CALIFORNIA)
) ss.
 2 COUNTY OF FRESNO)

3 I, FLORENCE COLBY, a Certified Shorthand Reporter,
 4 in and for the State of California, do hereby certify:

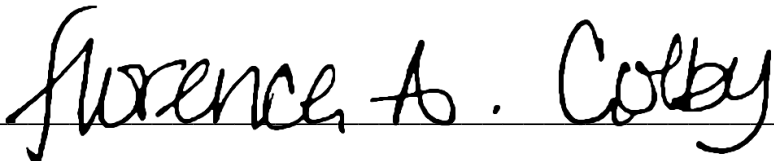
5 That the foregoing proceedings were taken before
 6 me at the time and place herein set forth; that any
 7 witnesses in the foregoing proceedings, prior to
 8 testifying, were duly sworn; that a record of the
 9 proceedings was made by me using shorthand which was
 10 thereafter transcribed under my direction; that the
 11 foregoing is a true record of the testimony given.

12 I further certify that I am neither financially
 13 interested in the action, nor a relative or employee of
 14 any attorney or party to this action.

15 IN WITNESS WHEREOF, I have this date subscribed my
 16 name.

17 DATED: September 9, 2020

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 FLORENCE COLBY, CSR 12433