

# UnhappyFranchisee.Com

Department of Financial Protection & Innovation  
Lindsay Nelson, Counsel  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013  
[Lindsay.Nelson@dfpi.ca.gov](mailto:Lindsay.Nelson@dfpi.ca.gov)

10/8/21

**Re: App-19407 - Deli Delicious**

Dear Ms. Nelson:

My name is Sean Kelly. I'm a 30+ year veteran of the franchise industry, and publisher of the franchise watchdog and discussion site UnhappyFranchisee.Com. I have written about Deli Delicious disputes and litigation extensively.

Thank you for your diligence in reviewing the registration, business practices and sworn representations of Deli Delicious Franchising Inc., Ali Nekumanesh, Mohammad Hobab & DDFI attorney Stephen Colley. Thanks, especially, to you and your Department for combatting deceptive and predatory practices. If more states would follow California's lead, I'd happily discontinue UnhappyFranchisee.Com.

**I just discovered the response letter from DDFI attorney Stephen Colley dated April 14, 2021.**

***I believe Mr. Colley is intentionally misrepresenting the disputes with franchisees and the relationship & the critical importance of the affiliate DD's Bakery. I believe this misrepresentation is intended to distract you from requiring detailed disclosure about DD's Bakery, including rebate and revenue in Item 8, and likely including the precarious nature as a risk factor.***

Any of the Deli Delicious franchisees that you have spoken to can confirm that Mr. Colley's characterization of Hadi Hobab as vindictive and menacing is ludicrous. Please feel free to call Hadi Hobab directly (805-538-0523 [HadiHobab101@yahoo.com](mailto:HadiHobab101@yahoo.com)) and you'll find him to be soft-spoken and reasonable. Franchisees will confirm.

Mr. Colley's claim that Hadi Hobab "made it clear he was going to be very vindictive and promised to destroy the company..." borders on defamation.

It is quite clear that Hadi's father Mohammad Hobab is an Old World-type authoritarian bully who took over the company his son founded and was deadset, despite no relevant experience between the two, on capturing revenue from franchisees' bread purchases by starting a bakery with Mr. Nekumanesh.

With Ali Nekumanesh given a piece of the company, Mohammad Hobab and DDFI bullied and sued anyone who questioned the misguided venture including his son Hadi, a former executive, and multiple franchisees.

This battle has been well-covered in local business journals.

In Mr. Colley's letter, he states:

***Litigation.***

***The difficulties began with a son (Hadi) of the founder having a major falling out with his father. He made it clear he was going to be very vindictive and promised to destroy the company—I know it sounds excessive, but an officer of the Franchisor, Mr. Ali Nekumanesh, heard him say it, and the son has gone to great lengths to harm the business. He and two other franchisees carried out a campaign of publishing false statements to local newspapers and on the web.***

**Two years ago, two franchisees, friendly with Hadi, filed a complaint with examiner Ms. Small who eventually determined it was not a franchise issue, but it had the desired effect of delaying the renewal by over 2 months.**

Mr. Colley further misrepresents the validity of the complaints and the reasons for the litigation. He claims that DDFI “replaced a baker” who was “friendly with the complaining parties.” In fact, the disputes arose when DDFI fired the venerable 50 year-old commercial bakery that had delivered freshly baked bread to the stores daily from the chain’s inception.

Hobab & Nekumanesh forced franchisees to purchase from their untested start-up that delivered fully baked and frozen loaves to the stores. Although Deli Delicious the only sandwich chain I can find that serves thaw-and-serve bread,” they continued to advertise it as “fresh.”

Mr. Colley’s story is intentionally deceptive and contrary to facts:

**In the current litigation the source of the problem is that the franchisor’s affiliate makes bread for all the stores having replaced a baker who was friendly with the complaining parties.**

**Several customers made complaints with store owners regarding the freshness of the bread which my client believes are frivolous claims.**

DDFI has been sued by customers for their deceptive portrayal of their frozen bread as fresh. The public perception of Deli Delicious’ food quality is of the utmost concern to prospective franchisees. It’s their main ingredient. These lawsuits, in my opinion, should be disclosed as relevant to the franchise and should be considered a risk factor.

DD’s Bakery Inc. is wholly owned by Mohammad Hobab (mostly), Ali Nekumanesh & Ali’s wife. It was financed by SBA guaranteed loans of more than \$2M. It was a very risky gamble based on maintaining a growing number of Deli Delicious stores. The reason that they freeze the bread is that they do not have

the demand to bake daily. They only bake on certain days then freeze it. As their bread is of inferior quality, it's unlikely that they have other bread customers.

The principal owner of DD's Bakery and sole owner of DDFI are the same: Mohammad Hobab.

DDFI already has a negative net worth. Prospective franchisees should know that if DD's Bakery fails and defaults on its loans it could have dire consequences for its single customer: Deli Delicious.

Prospective franchisees should be told in Item 8 how much revenue is passing through to DD's Bakery from their purchases, and how much is going to DDFI in the form of commissions or rebates. The fact that this affiliate and DDFI management are one and the same seems a reasonable disclosure.

**Attorney Colley, Ali Nekumanesh & Hesam Hobab Appear to Have Knowingly Made False Statements to the California Department of Business Oversight & Innovation**

Mr. Colley's false claim that Hadi Hobab made good on vindictive threats to the company is clearly refuted by the following:

**1) Neither of the complaints filed by DDFI in Fresno District Court against Hadi Hobab and a former executive for defamation reference such threats**

In the baseless lawsuit DDFI Inc. filed against Mohammad Hobab's son, there is no mention of threats to harm or damage the company as Mr. Colley says Ali alleges.

The allegations alleged were quite passive and consisted of anonymous email and newsletter communications.

This defamation case DDFI v. Hadi Hobab case was dismissed April 4, 2021

**2) In his deposition in a separate case DDFI launched against a resistant franchisee, Ali Nekumanesh was asked several times about the dismissal of Hadi Hobab.**

Nekumanesh never mentioned inflamed rhetoric or threats by Hadi Hobab against the company.

In fact, he characterized it as a personal, family dispute between Mohammed Hobab and his son.

In his deposition, under oath, Nekumanesh stated he did not know the reason for Hadi's dismissal from the Board or DDFI:

*ATTORNEY: With respect to Hadi's lack of participation in the Board, did it have anything to do with this new bread that DD's bakery was making?*

*ALI NEKUMANESH: This is a personal opinion, Mr. Kharazi, and I don't believe so.*

*ATTORNEY: You know who would know the answer to that question?*

*ALI NEKUMANESH: I imagine his father, Mohammad would know. There was issues between him and his father and mom of which I did not want to really be engaged in, so I don't -- I don't know really.*

**3) In Hadi Hobab's deposition in the same case, he sounded hurt to have been fired from the company he started, but not vindictive or threatening.**

Hadi Hoba was dismissed by a handwritten letter in the Persian language of Farsi, which Mohammad & Ali knew could not read.

*ATTORNEY: What -- were you given reasons for your termination?*

*HADI HOBAB: No.*

*ATTORNEY: So what happened?*

*HADI HOBAB: There was no reasons or anything. It was just all of a sudden I get a letter from Jennifer Brandon.*

*This was beginning of 2018... I was still involved in the Board of Directors, and out of nowhere, I got that letter e-mailed to me that the Board has been dissolved.*

*After I questioned what happened, why, they never gave a reason. They just said, "Your dad doesn't want the Board anymore. He wants to dissolve the Board," and then I asked*

*... a few weeks or a month after that, I get another letter saying you are no longer a part of this company either. So you are not going to get paid.*

*You are not going to get insurance.*

*This was handwritten by my dad, and handwritten translated by Ali Nekumanesh in English.*

*So written in Farsi, but handwritten and written in English, cursive, handwritten, steps of why you are not -- and I couldn't read both.*

*I asked many times, please send me a texted version. I e-mailed Ali Nekumanesh. I talked to him on the phone.*

*I texted him, "Please send me this reasoning in an English-text format, like e-mail, type it or something," which was refused, and the last thing*

*Ali said is, "Your dad is not allowing me to type" or "This is what it is. Have somebody read it or translate it for you."*

*So I never got the exact reasoning of why because there was a letter, but I couldn't read it.*

Mohammad cut off the sole source of income that supported his son, daughter-in-law, and two grandchildren and left them without health insurance.

Yet still, Hadi speaks of his love for the company he founded, which he describes as his "child."

*ATTORNEY:* You were kicked out in the streets?

HADI HOBAB: I pretty much saw it that way, yes.

*ATTORNEY:* So what have you been doing? Have you been working since 2018, '19?

HADI HOBAB: I mean, here and there, but nothing major, no. I have been just struggling through, because as you know, like I said, I don't know anything else.

I dropped out of college because of Deli Delicious; that's all I knew to do, and that was my life for the last 25 years or so...

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

#### **Please Protect California Residents From These People**

While I know it's not likely they will be banned from selling franchises (yet), I would hope that Stephen Colley, Ali Nekumanesh and Hesam Hobab be held accountable for lying in a sworn, official document.

I would also hope that DDFI be required to provide full and thorough disclosures regarding its interdependent relationship with sole source of supply DD's Bakery and both the costs and the risks associated with this House of Cards.

Thank you,

Feel free to contact me with questions or requests.

**Sean Kelly**

**Publisher, UnhappyFranchisee.com 717-371-1911**

Attachments: DDFI v Hadi Hobab complaint, dismissal, Depos of A. Nekumaneh & Hadi Hobab