

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

**Paradise Biryani Express, Inc.,  
a.k.a. Paradise Biryani Pointe, LLC,  
a.k.a. Paradise Biryani Pointe,**

and

**Narsing Raj Gowlikar,**

Respondents.

Case No. 2014-0286

\* \* \* \* \*

**CONSENT ORDER**

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”) initiated an inquiry into the franchise-related activities of Paradise Biryani Express, Inc., a.k.a. Paradise Biryani Pointe, LLC, a.k.a. Paradise Biryani Pointe and Narsing Raj Gowlikar (collectively, “Respondents”) under the authority granted under the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN. BUS. REG §14-201 et seq. (2010 Repl. Vol. and Supp. 2014) (the “Maryland Franchise Law”) and the regulations promulgated thereunder; and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the “Commissioner”) concluded that grounds exist to allege that Respondents violated the registration, disclosure, and antifraud provisions of the Maryland Franchise Law in relation to the offer and sale of Paradise Biryani Pointe franchised restaurants in Maryland; and

WHEREAS, before the holding of a hearing in this matter, without trial or final

adjudication of any issue of fact or law, and without Respondents admitting or denying any violation of law, the Commissioner and Respondents have reached an agreement to enter into this Consent Order;

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECREED:

### I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to Section 14-210 (a) of the Maryland Franchise Law.

### II. STATEMENT OF FACTS

#### A. **Background**

2. Paradise Biryani Express, Inc. (“Paradise Biryani”) is a New Jersey corporation with a principal business address of 2 Paddock Dr., Plainsboro, NJ 08536. Paradise Biryani also uses the names “Paradise Biryani Pointe, LLC” and “Paradise Biryani Point.”

3. Narsing Raj Gowlikar (“Gowlikar”) is the founder and president of Paradise Biryani.

4. Paradise Biryani offers and sells franchises for the operation of Indian restaurants featuring an Indian specialty food called Biryani.

5. In 2007, Paradise Biryani Express began offering licenses for the operation of Paradise Biryani restaurants.

6. On December 1, 2011, Paradise Biryani, identified as “franchisor,” entered into a “Business License Agreement” with Paradise Biryani Pointe, Corp., a Maryland corporation with a principal business address in Gaithersburg, Maryland (“Gaithersburg Franchisee”), as “franchisee” granting it the right to operate a Paradise Biryani Pointe restaurant franchise within a territory comprising specified cities in Montgomery County, Maryland.

7. The Gaithersburg Franchisee paid Paradise Biryani an initial franchise fee, called a “business license fee” of \$30,000.

8. On October 2, 2012, Paradise Biryani, identified as “franchisor,” entered into a “Business License Agreement” with Seven Hills Enterprise, LLC, a Maryland corporation with a principal business address in Catonsville, Maryland (“Catonsville Franchisee”), as “franchisee” granting it the right to operate a Paradise Biryani Pointe restaurant franchise in Catonsville, Maryland.

9. The Catonsville Franchisee paid Paradise Biryani a business license fee of \$50,000.

10. Both the Gaithersburg Franchisee and the Catonsville Franchisee received a copy of a confidential Paradise Biryani Pointe Operating Manual, with information about operating a Paradise Biryani Pointe restaurant.

11. Both the Gaithersburg Franchisee and the Catonsville Franchisee received a copy of a Paradise Biryani Pointe “Business Plan.” The Business Plan included, among other information, a financial projection of five years of sales and costs for a Paradise Biryani Pointe restaurant franchise.

12. In May 2014, Paradise Biryani filed an application to register its franchise offering with the New York Department of Law. That application included a disclosure document entitled Uniform Franchise Offering Circular (“UFOC”) in which the franchisor represented that Gowlikar is the owner of the Paradise Biryani Pointe trade name and the only person with managerial responsibility over the offer and sale of Paradise Biryani Pointe franchises.

13. According to the UFOC that Paradise Biryani filed with the State of New York, as of May 2014, Paradise Biryani represented that it had a total of 37 Paradise Biryani franchise restaurants operating in 13 states.

14. Paradise Biryani has never registered to offer and sell franchises under the Maryland Franchise Law.

15. Under section 14-201(e) of the Maryland Franchise Law, a “franchise” is defined as an express or implied, oral or written agreement in which: (i) a purchaser is granted the right to engage in the business of offering ... goods and services under a marketing plan or system prescribed in substantial part by the franchisor; (ii) the operation of the business ... is associated with the trademark ... that designates the franchisor ...; and (iii) the purchaser must pay, indirectly or directly, a franchise fee.”

16. The Gaithersburg Franchisee and Catonsville Franchisee operate their restaurant under the Paradise Biryani Pointe trade name in accordance with a marketing plan or system prescribed in substantial part by Paradise Biryani, and each of them paid Paradise Biryani a franchise fee.

### **B. Future Compliance**

17. Paradise Biryani states that it has obtained franchise counsel to assist it with complying with federal and state franchise regulatory requirements, including registration under the Maryland Franchise law.

18. Paradise Biryani also represents that it has currently implemented new procedures to ensure that, in the future, Paradise Biryani complies with the registration, disclosure and antifraud provisions of the Maryland Franchise Law.

19. Paradise Biryani further represents that, other than franchise offers and sales it made to the Gaithersburg Franchisee and the Catonsville Franchisee described above, Paradise Biryani did not offer or sell any franchises, including “business license agreements,” in Maryland or to any Maryland residents.

### III. CONCLUSIONS OF LAW

20. By engaging in the above activities, the Commissioner has concluded that Respondents violated §§14-214, 14-216, 14-223, 14-228, and 14-229 of the Maryland Franchise Law and Code of Maryland Administrative Regulations (COMAR) Section 02.02.08.16.

### IV. ORDER AND CONSENT

21. THE COMMISSIONER HEREBY ORDERS, AND RESPONDENTS REPRESENT AND CONSENT THAT:

- A. Respondents shall immediately and permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law;
- B. Respondents shall promptly file with the Securities Division and diligently pursue the completion of an initial application to register its franchise offering in Maryland. For purposes of this Agreement “diligently pursue” means that an applicant submits a substantive response to a Securities Division comment letter regarding a registration application no later than 30 days after the applicant’s receipt of the comment letter;
- C. Within five (5) days of its receipt of the fully executed Consent Order of the Commissioner, Respondents shall send the Gaithersburg Franchisee and the Catonsville Franchisee (hereafter collectively “Maryland Franchisees”) a copy of this signed Consent Order, along with a Notice of Rescission Rights, in the form attached as Exhibit 1, informing the Maryland Franchisees that they are being offered an opportunity to immediately rescind their respective business license agreements under the terms of this Consent Order;
- D. If Respondents have obtained an effective registration of the Paradise Biryani franchise offering in Maryland before September 30, 2015, promptly upon notification by the Securities Division that Paradise Biryani’s initial franchise application has been effectively registered for use in Maryland, Respondents shall send to any Maryland Franchisee(s) that has not already rescinded the Paradise Biryani franchise the following: (i) a copy of the applicable, effectively registered Maryland FDD; and (ii) a letter, in substantially the form attached to this letter as Exhibit 2, notifying that Maryland Franchisee that, now that Paradise Biryani is effectively registered to sell franchises in Maryland, that Maryland Franchisee has a second opportunity to rescind the business license agreement under the terms stated in that letter;
- E. If Respondents have not obtained an effective registration of the Paradise Biryani franchise offering in Maryland by September 30, 2015, Respondents shall, at that

time, advise any Maryland Franchisee(s) that has not already rescinded the Paradise Biryani franchise that that Maryland Franchisee is being given a second opportunity to rescind the business license agreement under the terms stated in the Notice of Rescission Rights, but without including a copy of an effectively registered Maryland FDD;

- F. Respondents agree that if any Maryland Franchisee accepts Respondents' offer to rescind a franchise in response to the Notice of Rescission Rights or a subsequent Offer to Rescind Franchise Agreement required under this Consent Order, Respondents will complete any payments Respondents are required to make to that Maryland Franchisee under this Consent Order within thirty (30) days of Respondents' receipt of either written Acceptance;
- G. Respondents shall pay a civil monetary penalty of \$85,000 for violations of the Maryland Franchise Law on or before December 31, 2015, which penalty shall be reduced by the amount of any payments Respondents shall have made to the Maryland Franchisees as of that date under the terms of this Consent Order.
- H. Respondents' offer of a franchise for the limited purposes described in Paragraphs 20C, and 20E of this Consent Order is exempt from the registration provisions of the Maryland Franchise Law; and
- I. Respondents acknowledge that this Consent Order is a discloseable order as described under the Maryland Franchise Law, and Item 3 of the NASAA Franchise Registration and Disclosure Guidelines and Amended FTC Franchise Rule.

#### V. JURISDICTION RETAINED

22. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

#### VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

23. If any Respondent fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against it to enforce this Consent Order or to sanction it for violating an order of the Commissioner, and may take any other action authorized under the Maryland Franchise Law or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or a court finds that any

Respondent has violated this Consent Order, the Statement of Facts and the violations of the Maryland Franchise Law alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against that Respondent.

VII. MODIFICATION OF CONSENT ORDER

24. The terms of this Consent Order may be modified only by a subsequent order issued by the Commissioner.

**SO ORDERED:**

**Commissioner's Signature  
On File w/Original Document**

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MELANIE SENTER LUBIN  
SECURITIES COMMISSIONER

**DATE OF THIS ORDER:**

December 22, 2014

**BY CONSENT:**

Paradise Biryani Express, Inc.  
a.k.a. Paradise Biryani Pointe, LLC  
a.k.a. Paradise Biryani Pointe

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By: Narsing Raj Gowlikar, President

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Narsing Raj Gowlikar

FORM  
(On Company Letterhead)

Certified Mail  
Return Receipt Requested

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Re: Notice of Rescission Rights**

Dear \_\_\_\_\_:

In accordance with discussions our attorneys have had with the Securities Division of the Maryland Attorney General's Office (the "Securities Division"),  [Insert name of Company]  ("we") have agreed to offer rescission to any Maryland residents to whom we sold franchises in the form of license agreements in violation of the provisions of the Maryland Franchise Law. This offer of rescission is made in settlement of the administrative proceeding that the Securities Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your franchise, we agree to return to you all initial license fees you paid us.

In the event you elect to rescind, you will give up your franchise agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information. We will make payments within thirty (30) days after we receive your Acceptance of Offer to Rescind.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

If you do not rescind your franchise now, you will be given a second opportunity to rescind your franchise, after we have completed the registration process. When that registration is complete, we will send you a copy of a registered FDD and a new letter offering to rescind your franchise purchase under the same terms outlined in this letter.

Sincerely,  
THE COMPANY

**Exhibit 1**



ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind Franchise Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document or my right to accept a subsequent rescission offer at a later time.

**CHECK ONE**

\_\_\_\_\_ I hereby **accept** your offer of rescission and agree to not use your trademarks and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

\_\_\_\_\_ **I do not wish to accept your offer of rescission at this time.** I understand that I will be given a second opportunity to rescind my franchise purchase once the franchisor has effectively registered its franchise offering with the Securities Division under the Maryland Franchise Law.

Date: \_\_\_\_\_

\_\_\_\_\_  
Franchisee/Licensee

FORM  
(On Company Letterhead)

Certified Mail  
Return Receipt Requested

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Re: **[Company] Offer to Rescind Franchise**

Dear \_\_\_\_\_:

As you recall, [Insert name of Company] ("we") have agreed to offer rescission to any Maryland residents who entered into franchises in the form of license agreements (collectively "franchises") with us in violation of the provisions of the Maryland Franchise Law. You previously received a "Notice of Rescission Rights" from us offering to rescind your franchise immediately. Now that we have completed the registration of our franchise, we are giving you this second opportunity to rescind your franchise, along with a copy of a Maryland Franchise Disclosure Document. We are making this offer in settlement of the administrative proceeding that the Division may bring for the sale of a franchise in violation of the Maryland Franchise Law and does not affect any civil liability for which we may be responsible.

If you elect to rescind and terminate your franchise, we agree to return to you all initial license fees you paid us.

In the event you elect to rescind, you will give up your franchise agreement. You also will give up any rights to use our trademarks and system and be obligated to refrain from using and disclosing any of our trade secrets and any of our confidential and proprietary information. We will make payments within thirty (30) days after we receive your Acceptance of Offer to Rescind your Franchise.

This offer will remain open for thirty (30) days from the date you receive this letter. Please check the appropriate place below and return a signed copy of this letter to me within the time period. If you have any questions, please contact Dale E. Cantone, Assistant Attorney General, at the Division (410-576-6368).

Sincerely,

THE COMPANY

**Exhibit 2**

ACCEPTANCE OR REFUSAL OF OFFER TO RESCIND FRANCHISE

1. I, the undersigned, acknowledge that I have read the preceding Notice of Offer to Rescind Franchise Agreement and understand its contents.
2. I understand that I have not waived my rights under the Maryland Franchise and Disclosure Law by signing this document.
3. I hereby make the following choice to accept or refuse your offer to rescind my franchise agreement:

**CHECK ONE**

\_\_\_\_\_ I hereby **accept** your offer of rescission and agree to not use your trademarks and system and to not use or disclose to anyone the trade secrets, and confidential and proprietary information that we obtained from you.

\_\_\_\_\_ I do **not accept** your offer of rescission. I wish to remain a franchisee under my franchise agreement.

Date: \_\_\_\_\_

\_\_\_\_\_  
Franchisee/Licensee