

Javier Esteve, Esq.
jesteve@spadealaw.com
215.525.1165 x181

TERMINATION NOTICE

January 16, 2026

VIA FEDEX GUARANTEED OVERNIGHT

Mr. Issam Ozeir
435 N. Silvery Lane
Dearborn, MI 48128

RE: Notice of Termination of Qargo Coffee, Inc. Franchise Agreement

Dear Mr. Ozeir,

Please be advised this firm now represents Qargo Coffee, Inc. (“Franchisor”) in connection with the franchise agreement you executed with Franchisor on March 8, 2022 (the “Franchise Agreement”) for the operation of a Qargo Coffee franchise in Tampa, Florida, which you located at 2223 N. Westshore Blvd, Unit FC209, Tampa, FL 33607. For the reasons set forth below, your Franchise Agreement has been terminated effective as of the date of this letter.

Subject to Section 15.2.1.18 of the Franchise Agreement, Franchisor has the right to terminate the Franchise Agreement without Franchisee having the opportunity to cure, if Franchisee breaches the Agreement and/or fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Operations Manual on two or more separate occasions within any period of twelve consecutive months, whether or not previous breaches or failures are cured.

You were first provided notice of default in a letter dated April 24, 2025, which your counsel responded to but ultimately acknowledged the defaults. Upon follow up inspections in your location on May 21, 2025, and May 29, 2025, your location was found to be in critical non-compliance of both brand standards and regulatory health and safety standards. The non-compliance report was shared with you, and a copy is attached to this letter. Since the May inspections, Franchisor has dedicated extensive time engaging you and providing opportunities for support, but you continue to operate in a manner that is non-compliant with brand standards and health and safety regulations. Franchisor can no longer continue to dedicate time and resources to make sure you are following the system, therefore they have been left with no choice but to terminate your Franchise Agreement.



Subject to Section 15.5 of the Franchise Agreement, Franchisor has the right, upon delivery of this Notice of Termination to assume the operation of your location on a temporary basis. Section 15.5 goes on to say, “Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to \$600.00 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of Franchisee’s operating cash flow. Should Franchisor elect to assume the operation of the Outlet on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for the Approved Location (if any) or otherwise.”

Please be aware that although the Franchise Agreement has been terminated, you are subject to the terms and conditions that by their nature survive termination of the Franchise Agreement, including those detailed in Section 16 of the Franchise Agreement.

This notice is without prejudice to any of our rights, powers, privileges, remedies, and defenses, now existing or hereafter arising, all of which are hereby expressly reserved.

Sincerely,

Javier L. Esteve

Javier L. Esteve, Esq.
Attorney for Qargo Coffee Inc.

Enclosures

CC: Qargo Coffee Inc.– BB, SG, MB
CC via email: Mr. Mark Burzych – mburzych@fsbirlaw.com

QARGO COFFEE – STORE COMPLIANCE REPORT

Location: Tampa, FL

Store Visit Dates: May 21 and May 29, 2025

Report Issued: July 1, 2025

Overview

This report details the findings from operational inspections conducted at the Tampa Qargo Coffee location on **May 21st** and **May 29th, 2025**. The store was found to be in **critical non-compliance** with Qargo Coffee's brand, cleanliness, operational, and food safety standards. Numerous issues require **urgent and documented remediation**.

Key Findings

1. Grab-and-Go & Cold Display

- **Non-approved bottled beverages** (e.g., Yoga Nectar) were available.
- No **expiration labeling** on cold items; sandwiches were stale and improperly assembled.
(See attached Images labeled as KF 1)

2. Sandwich Preparation

- Sandwiches did **not follow Qargo's recipe or portioning standards**.
(See attached Images labeled as KF 2)

3. Bakery Display

- No expiration dates found on croissants or baked goods.
(See attached Images labeled as KF 3)

4. Tea, Syrups, & Powdered Mixes

- Use of a **non-approved tea brand** and **Torani syrups**, (some expired over 6 months).
- Monin syrups (some expired over 6 months).

- **Non-compliant matcha, Boba and taro ingredients** in use.
(See attached Images labeled as KF 4)

5. Dairy & Non-Dairy Milks

- Both dairy and alternative milks were **not approved Qargo brands**.
(See attached Images labeled as KF 5)

6. Boba Station & Equipment

- **Cluttered and unsanitary** boba display.
- A **rice cooker** was used instead of an approved **boba cooker**.
(See attached Images labeled as KF 6)

7. Cold Brew Machine

- Contained **visible mold and grime**, indicating lack of cleaning.
(See attached Images labeled as KF 7)

8. Matcha Tools

- Whisk was **wet, dirty, and in poor condition**.
(See attached Images labeled as KF 8)

9. Coffee Machines

- No evidence of **daily or scheduled cleaning routines**.
(See attached Images labeled as KF 9)

10. Ice Machine

- Covered in **grime and dirt**; not maintained to sanitary standards.
(See attached Images labeled as KF 10)

11. Fridges & Freezers

- Units were **unclean and disorganized** with no FIFO (First-In, First-Out) system.
- **Expired products** were found in storage
(See attached Images labeled as KF 11).

12. Speed Oven & Bakery Oven

- **No deep or daily cleaning** performed on either unit.
- Accumulated buildup is **damaging internal components** and **shortening equipment lifespan**.
- This also presents **significant food safety risks**.
(See attached Images labeled as KF 12)

13. Employee Uniforms

- Staff uniforms were **incomplete, shared, and not laundered** properly, violating hygiene and brand policy.
(See attached Images labeled as KF 13)

14. Non-Branded Supplies

- **Unbranded cups and napkins** were found on-site, conflicting with Qargo's brand presentation standards.
(See attached Images labeled as KF 14)

15. Unauthorized Recipe Materials

- A **non-Qargo recipe manual written in Chinese** was found. This is a **major brand and operational violation**.
(See attached Images labeled as KF 15)

16. Camera System

- **Webcams are in use**, which are not allowed.
- The store must install the **Solink camera system** per franchise standards.
(See attached Images labeled as KF 16)

17. TV Screens & Cabling

- TVs were **misaligned and had exposed wiring**.
(See attached Images labeled as KF 17)
 - Issue was **resolved during the September follow-up**.
(See attached Images labeled as KF 17b)

18. Lighting

- Several **light bulbs were out**, impacting visibility and presentation.
(See attached Images labeled as KF 18)

19. Cleanliness & Hygiene

- Pick up area, counter, and service stations were **visibly dirty**.
- **Improper microfiber rag usage** observed — no separation of surfaces, contributing to cross-contamination.
- **Overall store cleanliness was significantly below acceptable levels.**
(See attached Images labeled as KF 19)

20. Trash Placement

- A **trashcan was located adjacent to the coffee grinder**, violating food handling protocols.
(See attached Images labeled as KF 20)

21. Rusted Equipment & Tools

- Prep surfaces, containers, and utensils showed **visible rust**, making them unsafe for food contact.
(See attached Images labeled as KF 21)

22. Use of Bathroom as Storage

- **Food and beverage items were found stored inside the restroom**, which is a **critical health code violation**.
(See attached Images labeled as KF 22)

23. Personnel & Scheduling

- Store staff did **not have access to Homebase scheduling**, resulting in:
 - **Low staffing**
 - Poor shift coverage
 - Service delays and operational inefficiency

(See attached Images labeled as KF 23)

Images:

https://drive.google.com/drive/folders/1Mc1uuCIKXDRI4KuPtyUbsO3Xoed5SVR6?usp=drive_link

Required Immediate Actions

1. **Remove all non-compliant products**, including unauthorized drinks, milks, syrups, powders, and cups.
2. Enforce **expiration labeling** and implement proper **FIFO rotation** in all storage areas.
3. Perform a **deep cleaning and sanitation** of:
 - Coffee and espresso machines
 - Cold brew unit
 - Ice machine
 - Speed oven and bakery oven
 - Matcha & boba equipment
 - Fridges, freezers, counters, and customer areas
4. Replace **rice cooker with an approved boba cooker**.
5. Enforce **uniform policy**:
 - No uniform sharing
 - All uniforms must be complete, clean, and brand compliant
6. Use only **Qargo-branded disposables** (cups, napkins, sleeves, etc.).
7. Repair all **non-functioning light fixtures**.
8. Remove **trashcans from food zones** and redesign workspace layout if needed.
9. Replace or refurbish all **rusty equipment and tools**.

10. Immediately **remove food/beverage items from the restroom** and reinforce policy with staff.
 11. Remove all **webcams and install the Solink camera system**.
 12. Eliminate use of **non-Qargo recipe manuals** and retrain on corporate recipes.
 13. Train staff on **microfiber protocol** and reinforce zone-based cleaning practices.
 14. Restore full **Homebase access** for schedule creation and employee coverage.
 15. Launch a **documented daily cleaning log**, signed by shift leads.
 16. Conduct **weekly internal compliance reviews** to ensure sustained improvement.
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Conclusion

The Tampa location is in **critical violation** of Qargo Coffee's operating and brand standards. All issues outlined above must be addressed immediately. A follow-up inspection will confirm compliance. Failure to resolve these violations may result in corrective action or penalties as outlined in the Franchise Agreement.

Prepared by:

Nicolas Molinos - Operations Manager
Cristian Cortes - Corporate trainer
Shirley Flores -Corporate trainer