STATE OF MISSOURI )

) SS

COUNTY OF ST. LOUIS )

IN THE CIRCUIT COURT OF THE COUNTY OF ST. LOUIS

STATE OF MISSOURI

MARKEETA RIVERA, )

)

And )

)

GUADALUPE CLEMENTE, )

)

Both for themselves and as representatives )

Of a class of similarly situated others. )

)

Plaintiffs, )

)

-vs- ) Case Number: 12SL-CC00339

)

SIMPATICO, INC, )

) Division: 13

And )

)

STRATUS FRANCHISING, LLC, )

)

And )

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PHSCCH SBS, LLC, )

(Serve: Agent: Channen Smith )

9531 E Nora Circle )

Mesa, AZ 85207) )

)

And )

)

Stratus Building Solutions of Arizona, Inc., )

(Serve: Agent: Channen Smith )

5013 East Washington Street )

Suite 100 )

Phoenix, AZ 85034) )

)

And )

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)

Goldeneye Holdings, Inc., )

d/b/a Stratus of Orange County, )

(Serve: Agent: GKL Corporate/Search, Inc. )

915 L St., Suite 1250 )

Sacramento, CA 95814) )

)

And )

)

Mark Bashforth )

d/b/a Stratus Building Solutions of San Diego)

(Serve: 5465 Morehouse Drive )

Suite 100 )

San Diego, CA 92121) )

)

And )

)

Jayson Bashforth )

d/b/a Stratus Building Solutions of San Diego)

(Serve: 5465 Morehouse Drive )

Suite 100 )

San Diego, CA 92121) )

)

And )

)

Afshin Cangarlu, )

d/b/a Stratus of Los Angeles )

(Serve: 16530 Ventura Blvd., Suite 204 )

Encino, CA 91436) )

)

And )

)

Stratus Building Solutions of Northern )

California, LLC, )

d/b/a Stratus of Sacramento, )

(Serve: Agent: Stevan R. Butcher )

8150 Parus Way )

Granite Bay, CA 95746) )

)

And )

)

Jim Parell )

d/b/a Stratus of Ventura County, )

(Serve: 3355 Cochran Street, Suite 202 )

Simi Valley, CA 93063) )

)

And )

)

Colorado Cleaning Partners, Inc, )

d/b/a Stratus Building Solutions of )

Southern Colorado, )

(Serve: Agent: James E. Van Dyke )

6510 Grey Eagle Lane )

Colorado Springs, CO 80919) )

)

And )

)

Channen Smith, )

d/b/a Stratus of Denver, )

(Serve: 7010 Broadway, Plaza 36, Ste.450 )

Denver, CO 80221) )

)

And )

)

Jitendra Kapur, )

d/b/a Stratus of Stamford and Westchester )

(Serve: 78 Harvard Ave., Suite 270 )

Stamford, CT 06902) )

)

And )

)

Raynal Enterprises, Inc., )

d/b/a Stratus of Miami )

(Serve: Agent: Julio Alvarez )

6800 Bird Road, #395 )

Miami, FL 33155) )

)

And )

)

Stratus Building Solutions of Tampa )

St. Pete, LLC, )

(Serve: Agent: Eric Brotz )

7560 Preservation Drive )

Sarasota, FL 34241) )

)

And )

)

Paladin Building Services, LLC, )

d/b/a Stratus of Jacksonville, )

(Serve: Agent: Jeffrey B. Aibel )

11555 Central Pkwy, Ste 804 )

Jacksonville, FL 32224) )

)

And )

)

Paladin Building Services, LLC )

d/b/a Stratus of Atlanta )

(Serve: Agent: Jeffrey Aibel )

2500 Cumberland Pkwy SE )

Suite 475 )

Atlanta, GA 30339) )

)

And )

)

Kukamaehu, Inc., )

d/b/a Stratus of Honolulu, )

(Serve: Agent: National Registered Agents )

of HI, Inc. )

1136 Union Mall Suite 301 )

Honolulu, HI 96813) )

)

And )

)

Iowa Building Solutions, LLC, )

d/b/a Stratus of Iowa, )

(Serve: Agent: Leonard R. Fazio )

4948 Pleasant St )

Des Moines, IA 50312) )

)

And )

)

DPK Investments, Inc., )

d/b/a Stratus of Chicago, )

(Serve: Agent: Devang Kothari )

113 Heath Pl )

Westmont, IL 60559) )

)

And )

)

Shamrock Building Services, Inc., )

d/b/a Stratus of Indianapolis )

(Serve: Agent: Kevin G. Spellacy )

9262 Timberline Drive )

Indianapolis, IN 46256) )

)

And )

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)

Stratus Building Solutions of Kansas, LLC )

(Serve: Agent: Peter Frese )

1976 Innerbelt Business Center Dr )

St. Louis, MO 63114) )

)

And )

)

Shamrock Building Services, LLC, )

d/b/a Stratus of Louisville, )

(Serve: Agent: Service Cube )

4237 Produce Road )

Louisville, KY 40218 ) )

)

And )

)

Stratus Building Solutions of Lafayette, LLC)

(Serve: Agent: S.D. Steckler )

2851 Johnston Street, Suite 218 )

Lafayette, LA 70503) )

)

And )

)

Stratus Building Solutions of Minnesota, )

(Serve: Agent: Kevin Spellacy or Lorena )

Aristizabal )

8606 Allisonville Rd, #215 )

Indianapolis, IN 46250) )

)

And )

)

TTK Investments, Inc., )

d/b/a Stratus of Concord, )

(Serve: Agent: Ernest Kraft )

8514 McAlphine Park Dr, Ste 255 )

Charlotte, NC 28211) )

)

And )

)

TTK Investments, Inc., )

d/b/a Stratus of the Triad )

(Serve: Agent: Ernest Kraft )

8514 McAlphine Park Dr, Ste 255 )

Charlotte, NC 28211) )

)

And )

)

TTK Investments, Inc., )

d/b/a Stratus of Charlotte )

(Serve: Agent: Ernest Kraft )

8514 McAlphine Park Dr, Ste 255 )

Charlotte, NC 28211) )

)

And )

)

Stratus Building Solutions of Omaha )

(Serve: Agent: Knutson Enterprises, Inc., )

1722 S. 84th St. )

Omaha, NE 68124) )

)

And )

)

Stratus Building Solutions of Nebraska )

(Serve: Agent: Channen Smith )

6910 Pacific St., #208 )

Omaha, NE 68106) )

)

And )

)

Joy Community Development Corporation )

d/b/a Stratus Building Solutions of Central )

New Jersey, )

(Serve: c/o D’Andre Salter )

1253 New Market Ave )

South Plainfield, NJ 07080) )

)

And )

)

Stratus Building Solutions of Long Island, Inc)

(Serve: Agent: Richard M. Baran )

510 Broadhollow Rd )

Suite 306 )

Melville, NY 11747) )

)

And )

)

Impressive Cleaning Solutions, Inc., )

d/b/a Stratus of Buffalo )

(Serve: Agent: Kenneth A. Casseri )

206 Berryman Drive )

Amherst, NY 14226) )

)

And )

)

MARRS, LLC )

d/b/a Stratus Building Solutions of Cincinnati)

(Serve: Agent: Mark Stocker )

11260 Cornell Park Dr, Ste 708 )

Cincinnati, OH 45242) )

)

And )

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Stratus Building Solutions of Oregon, Inc., )

(Serve: Agent: Jon A. White )

4506 Pinnacle Drive )

Medford, OR 97504) )

)

And )

)

Z3 Enterprises, LLC, )

d/b/a Stratus Building Solutions of Pittsburgh)

(Serve: Agent )

1500 Ardmore Blvd, Suite 402 )

Pittsburgh, PA 15221) )

)

And )

)

HolBon Holdings, LLC, )

d/b/a Stratus Building Solutions of )

Philadelphia, )

(Serve: Agent )

4339 Hawk Circle )

Doylestown, PA 18902) )

)

And )

)

TTK Investments, Inc., )

d/b/a Stratus of Columbia, )

(Serve: Agent: Ernest Kraft )

8514 McAlphine Park Dr, Ste 255 )

Charlotte, NC 28211) )

)

And )

)

Kevin Gass, )

d/b/a Stratus of Columbia, )

(Serve: 10 Calendar Ct., Ste. 100 )

Columbia, SC 29206) )

)

And )

)

Ralph Sizemore )

d/b/a Stratus of Upstate Carolina, )

(Serve: 420 East Park Ave., Ste. 302 )

Greenville, SC 29601) )

)

And )

)

D&E Holdings, LLC )

d/b/a Stratus Building Solutions of Nashville)

(Serve: Agent: Business Filings Incorporated)

800 S. Gay St., Ste 2021 )

Knoxville, TN 37929) )

)

And )

)

Stratus Building Solutions of Northern Utah )

(Serve: Agent: Lori Sealy )

1020 N 130 W #101 )

Logan, UT 84341) )

)

And )

)

SYDDAR, Inc., )

d/b/a Stratus Building Solutions of Salt Lake )

(Serve: Agent: Shauna Sharpsteen )

2189 W 7000 S )

West Jordan, UT 84084) )

)

And )

)

Afshin Cangarlu, )

d/b/a Stratus of Inland Empire, )

(Serve: 600 North Mountain Ave., )

Suite C-203 )

Upland, CA 91786) )

)

And )

)

J. Beck, )

d/b/a Stratus Building Solutions of )

Wilmington, )

(Serve: 900 W. Bash Road, Suite 200 )

New Castle, DE 19720) )

)

And )

)

Jason Potts, )

d/b/a Stratus of Raleigh, )

(Serve: 6060 C Six-Forks Road )

Raleigh, NC 27609) )

)

And )

)

Don Gartner, )

d/b/a Stratus of Northern New Jersey, )

(Serve: Park 80 East )

260 Pehle Ave., Ste. 304 )

Saddle Brook, NJ 07663) )

)

And )

)

Rob Salazar, )

d/b/a Stratus of Albuquerque, )

(Serve: 3311 Candelaria NE, Suite B )

Albuquerque, NM 87107) )

)

And )

)

Quail Run Enterprises, Inc., )

d/b/a Stratus Building Solutions of Las Vegas)

(Serve: Agent: Tamara Kyllo )

1485 West Warm Springs Road )

Suite 107 )

Henderson, NV 89014) )

)

And )

)

Craig Donovan, )

d/b/a Stratus Building Solutions of WNY, )

(Serve: 1780 Wehrle Drive, Suite 102 )

Williamsville, NY 14221) )

)

And )

)

Mark Bashforth, )

d/b/a Stratus Building Solutions of Houston )

(Serve: 2537 South Gessner, Suite 121 )

Houston, TX 77063) )

)

And )

)

Jayson Bashforth, )

d/b/a Stratus Building Solutions of Houston )

(Serve: 2537 South Gessner, Suite 121 )

Houston, TX 77063) )

)

And )

)

Jacquelyn Mosley, )

d/b/a Stratus of Northern Texas, )

(Serve: 1108 Dallas Drive, Suite 300 )

Denton, TX 76205) )

)

And )

)

Thomas Mosley, )

d/b/a Stratus of Northern Texas, )

(Serve: 1108 Dallas Drive, Suite 300 )

Denton, TX 76205) )

)

And )

)

Greg Fishman, )

d/b/a Stratus of Austin, )

(Serve: 7719 Wood Hollow Drive, Suite 156)

Austin, TX 78731) )

)

And )

)

Cordell Dean, )

d/b/a Stratus of Richmond )

(Serve: 3900 Westerre Pkwy, Ste 300 )

Richmond, VA 23233) )

)

Defendants. )

**AMENDED CLASS ACTION PETITION FOR DECLARATORY JUDGMENT**

COMES NOW, Markeeta Rivera and Guadalupe Clemente, on behalf of themselves and as representatives of a class of similarly situated others (hereinafter collectively referred to as “Plaintiffs”), by and through counsel, and for their amended cause of action against all Defendants, state and allege as follows:

PARTIES

1. Plaintiff Markeeta Rivera is a citizen and resident of the State of New York. That at all times relevant herein, Plaintiff owned and operated a franchise of Impressive Cleaning Solutions, Inc., doing business as Stratus Building Solutions of Upstate New York.
2. Plaintiff Guadalupe Clemente is a citizen and resident of the State of Arizona. That at all times relevant herein, Plaintiff owned and operated a franchise of PHSCCH SBS, LLC, doing business as Stratus Building Solutions of Metro Phoenix.
3. This is a class action that the above named Plaintiffs bring on behalf of themselves and on behalf of all others similarly situated in the United States of America who have purchased franchises from Master Franchisees of Defendant Stratus Franchising, LLC, seeking a declaration that Defendants Simpatico, Inc., and Stratus Franchising, LLC, are liable to Plaintiffs and the class members for Defendants wrongful acts and the wrongful acts and conduct of the Master Franchisees.
4. Defendant Stratus Franchising, LLC, (“Stratus Franchising”), is a limited liability company organized and existing under the laws of the State of Missouri; that Stratus Franchising, LLC, sold master franchises throughout the United States pursuant to Master Franchise Agreements entered into and accepted within the State of Missouri.
5. Defendant Simpatico, Inc., (“Simpatico”) is a corporation organized and existing under the laws of the State of Missouri which previously did business as JAN-PRO Cleaning Systems of St. Louis and currently does business as Stratus Building Solutions.
6. Defendant PHSCCH SBS LLC, is a limited liability company organized and existing under the laws of the State of Arizona; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
7. Defendant Stratus Building Solutions of Arizona, Inc., is a corporation organized and existing under the laws of the State of Arizona; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
8. Defendant Goldeneye Holdings, LLC, is a limited liability company organized and existing under the laws of the State of California; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
9. Defendant Mark Bashforth, doing business as Stratus Building Solutions of San Diego and Stratus Building Solutions of Houston, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
10. Defendant Jayson Bashforth, doing business as Stratus Building Solutions of San Diego and Stratus Building Solutions of Houston, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
11. Defendant Afshin Cangarlu, doing business as Stratus of Los Angeles and Stratus of Inland Empire, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
12. Defendant Stratus Building Solutions of Northern California, LLC, is a limited liability company organized and existing under the laws of the State of California; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
13. Defendant Jim Parell, doing business as Stratus of Ventura County, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
14. Defendant Colorado Cleaning Partners, Inc., is an incorporation organized and existing under the laws of the State of Colorado; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
15. Defendant Channen Smith, doing business as Stratus of Denver, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
16. Defendant Jitendra Kapur, doing business as Stratus of Stamford and Westchester, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
17. Defendant Raynal Enterprises, Inc., is an incorporation organized and existing under the laws of the State of Florida; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
18. Defendant Stratus Building Solutions of Tampa St Peter, LLC, is a limited liability company organized and existing under the laws of the State of Florida; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
19. Defendant Paladin Building Services, LLC, is a limited liability company organized and existing under the laws of the State of Florida and Georgia; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
20. Defendant Kukamaehu, Inc., is an incorporation organized and existing under the laws of the State of Hawaii; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
21. Defendant Iowa Building Solutions, LLC, is a limited liability company organized and existing under the laws of the State of Iowa; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
22. Defendant DPK Investments, Inc., is an incorporation organized and existing under the laws of the State of Illinois; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
23. Defendant Shamrock Building Services, Inc., is an incorporation organized and existing under the laws of the State of Indiana; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
24. Defendant Stratus Building Solutions of Kansas, LLC, is a limited liability company organized and existing under the laws of the State of Missouri; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
25. Defendant Shamrock Building Services, LLC, is a limited liability company organized and existing under the laws of the State of Kentucky; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
26. Defendant Stratus Building Solutions of Lafayette, LLC, is a limited liability company organized and existing under the laws of the State of Louisiana; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
27. Defendant Stratus Building Solutions of Minnesota, is a limited liability company organized and existing under the laws of the State of Indiana; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
28. Defendant TTK Investments, Inc., is an incorporation organized and existing under the laws of the State of North Carolina; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
29. Defendant Stratus Building Solutions of Omaha, is a limited liability company organized and existing under the laws of the State of Nebraska; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
30. Defendant Stratus Building Solutions of Nebraska, is a limited liability company organized and existing under the laws of the State of Nebraska; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
31. Defendant Joy Community Development Corporation, is a company organized and existing under the laws of the State of New Jersey; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
32. Defendant Stratus Building Solutions of Long Island, Inc, is an incorporation organized and existing under the laws of the State of New York; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
33. Defendant Impressive Cleaning Solutions, Inc., is an incorporation organized and existing under the laws of the State of New York; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
34. Defendant MARRS, LLC, is a limited liability company organized and existing under the laws of the State of Ohio; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
35. Defendant Stratus Building Solutions of Oregon, Inc., is an incorporation organized and existing under the laws of the State of Oregon; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
36. Defendant Z3 Enterprises, LLC, is a limited liability company organized and existing under the laws of the State of Pennsylvania; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
37. Defendant HolBon Holdings, LLC, is a limited liability company organized and existing under the laws of the State of Pennsylvania; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
38. Defendant Kevin Gass, doing business as Stratus of Columbia, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
39. Defendant Ralph Sizemore, doing business as Stratus of Upstate Carolina, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
40. Defendant D&E Holdings, LLC, is a limited liability company organized and existing under the laws of the State of Tennessee; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
41. Defendant Stratus Building Solutions of Northern Utah, is a limited liability company organized and existing under the laws of the State of Utah; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
42. Defendant SYDDAR, Inc., is an incorporation organized and existing under the laws of the State of Utah; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
43. Defendant J. Beck, doing business as Stratus Building Solutions of Wilmington, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
44. Defendant Jason Potts, doing business as Stratus of Raleigh, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
45. Defendant Don Gartner, doing business as Stratus of Northern New Jersey, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
46. Defendant Rob Salazar, doing business as Stratus Building Solutions of Albuquerque, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
47. Defendant Quail Run Enterprises, Inc., is an incorporation organized and existing under the laws of the State of Nevada; that Defendant entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
48. Defendant Craig Donovan, doing business as Stratus Building Solutions of WNY, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
49. Defendant Jacquelyn Mosley, doing business as Stratus of Northern Texas, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
50. Defendant Thomas Mosley, doing business as Stratus of Northern Texas, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
51. Defendant Greg Fishman, doing business as Stratus of Austin, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.
52. Defendant Cordell Dean, doing business as Stratus of Richmond, entered into a Master Franchise Agreement with Defendant Stratus Franchising, LLC, which granted Defendant a license to use and sublicense the marks of Defendant Stratus Franchising, LLC, doing business as Stratus Building Solutions, and the right to sell subfranchises within an assigned territory under the umbrella of the franchise system known as Stratus Building Solutions; that said Master Franchise Agreement was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri.

JURISDICTION AND VENUE

1. Jurisdiction and venue in this Court is proper in that this matter involves the declaration of the rights and obligations of the parties concerning certain Master Franchise Agreements existing between Stratus Franchising, LLC, and various Master Franchises throughout the United States. Said Master Franchise Agreements provide that Missouri law applies and affixes venue in the Circuit Court of St. Louis County, Missouri. In addition, each of the Master Franchise Agreements was entered into and accepted by Defendant Stratus Franchising, LLC, within the State of Missouri thereby subjecting the parties to such agreements to the jurisdiction of this Court pursuant to §506.500, R.S.Mo. The claims of all members of the putative class arise out of the interpretation of the Master Franchise Agreements. Based upon the narrow issue to be determined in this action, there is no need for this Court to engage in a state by state choice of law analysis because Defendant Stratus Franchising, LLC, conditioned each and every Master Franchise Agreement upon acceptance of a Missouri choice of law provision and forum selection clause. See *State ex rel. McKeage v. Cordonnier*, Supreme Court No. SC91658, January 17, 2012.

THE BIRTH OF STRATUS BUILDING SOLUTIONS

1. Prior to April of 2004, Defendant Simpatico operated as a Master Franchisee of Jan-Pro Franchising International, Inc. (“Jan-Pro”).
2. As a Master Franchisee, Defendant Simpatico sold franchises in the cleaning and janitorial industry under the Jan-Pro umbrella in a limited geographical area which included the St. Louis Metropolitan area. *(See Franchise Agreement dated August 7, 2002, between Simpatico, Inc., d/b/a JAN-PRO Cleaning Systems of St. Louis and Messud and Dika Kekic attached hereto as Exhibit “1’).*
3. In April of 2004, Defendant Simpatico ceased doing business as Jan-Pro and disaffiliated itself from Jan-Pro. Thereafter, Defendant Simpatico began doing business as Stratus Building Solutions.
4. That Pete Frese was the sole officer and shareholder of Simpatico, Inc., as of April of 2004.
5. All franchises previously sold by Defendant Simpatico were transferred to Simpatico doing business as Stratus Building Solutions. *(See Exhibit “2”).*
6. Any new franchises sold by Defendant Simpatico after April of 2004 were sold under its new fictitious name, Stratus Building Solutions. *(See Franchise Agreement dated October 18, 2007, between Simpatico Inc., a Missouri corporation d/b/a Stratus Building Solutions and Raso Alimanovic attached hereto as Exhibit “3”).*
7. Simpatico sells and has sold franchises directly to unit franchisees in the St. Louis Metropolitan Area and nowhere else in the United States.
8. Defendant Simpatico, in effect, continued using the same business model as Jan-Pro, only as an independent entity and not as a Master Franchisee.
9. The Franchise Agreements utilized by Defendant Simpatico were identical to those used by Simpatico while it was a Master Franchisee of Jan-Pro.
10. Defendant Simpatico marketed a concept in which individuals could purchase a “Stratus” franchise and set up their own businesses with extensive assistance from Defendant Simpatico.
11. Defendant Simpatico provided everything from cleaning chemicals, commercial insurance, vacuum cleaners and other equipment, uniforms and anything else required by the “franchisee” to operate.
12. Defendant Simpatico targeted minority and immigrant populations in the sale of their franchises.
13. In the St. Louis Metropolitan Area, Defendant Simpatico specifically targeted Bosnian immigrants.
14. Prospective franchisees were offered several potential franchise plans they could purchase. The amount of projected annual revenue promised to the franchisee depended on the amount of the initial franchise fee. For example, an initial franchise fee of $3,000.00 would result in accounts with projected revenue of $6,000.00; an initial franchise fee of $10,000.00 would result in accounts with projected revenue of $24,000.00. *(The various Franchise Plans are set forth in Exhibit “4” attached hereto).*
15. Pursuant to the Franchise Agreements set forth in the attached Exhibits 1 and 3, Franchisor was given 180 days from the date Franchisee completed training to offer accounts up to $35,000.00 *(Exhibit “1”)* or $36,000.00 *(Exhibit “3”).*
16. The Franchise Agreements further provide that Franchisor’s obligations to provide accounts to Franchisee sufficient to satisfy the projected revenue is deemed fulfilled if the Franchisee rejects any customer accounts offered by Franchisor or if the Franchisee discontinues providing services in any such account.
17. Defendant Simpatico would routinely offer Franchisees accounts which required traveling a long distance, accounts which were bid so low that the franchisee would be unable to generate a profit, and/or accounts which were great distances from other accounts the Franchisee was servicing. By undertaking these actions, Defendant Simpatico was assured that the Franchisee would either decline an account or quit the account after discovering that there was no profit for the Franchisee which, in turn, would relieve Defendant Simpatico of its obligations to provide a certain level of revenue as set forth in the Franchise Agreements.
18. Once the Franchisee refused an account or quit an account, the Franchisee was at the mercy of the Franchisor to offer it additional accounts. Franchisor considered it a “moral” issue instead of a “legal” issue because it had no further legal obligation to the Franchisee.
19. Another tactic used by Defendant Simpatico was to inform a Franchisee that Franchisor had received customer complaints or that the customer had requested a change of the individuals providing service to the accounts. In many instances, the Franchisee would have been given good to excellent reviews by the customer, but suddenly they were being removed from an account without notice and without the ability to discuss any complaints with the customer.
20. All of the aforementioned tactics were used to allow Defendant Simpatico to engage in “churning.”
21. The term “churning” refers to a practice in which the Franchisor does the absolute minimum to comply with its obligations under the Franchise Agreement while forcing the Franchisee to take some action to excuse any non-performance by the Franchisor. Once that occurs, Franchisor can remove an existing Franchisee from an account and place a new Franchisee in that account. The same scheme is used with the new Franchisee and the cycle continues. The scheme allows the Franchisor to sell as many Franchises as it can even though there are not enough accounts to support the new and/or existing Franchisees. It is a basic pyramid scheme that continues because many of the Franchisees lack sophistication and basic language skills to take remedial action.
22. The janitorial industry is very competitive. The fierce competition results in prices being driven down in the market. As a result, the Franchisor must slash its prices to obtain sufficient accounts for its Franchisees. Unfortunately, the process results in Franchisor turning a profit by selling more and more Franchises while the Franchisees find that there is no way to survive.
23. Presently, Simpatico has over 500 franchisees in the local area.
24. The aforementioned actions resulted in a Class Action being initiated in the Circuit Court of the City of St. Louis, State of Missouri, on behalf of all Missouri residents who purchased franchises from Defendant Simpatico. *(A copy of the Class Action Petition filed in Alimanovic, et al., v. Simpatico, Inc., Circuit Court of the City of St. Louis, State of Missouri, Cause No. 1122-CC09285, is attached hereto as Exhibit “5”).*

STRATUS BUILDING SERVICES GOES NATIONAL

1. Dennis Jarrett served as President of Jan-Pro International from 2001-2004.
2. According to documents of Defendants Simpatico and Stratus, Mr. Jarrett assisted Pete Frese in establishing Defendant Simpatico as an independent entity not associated with Jan-Pro.
3. Upon information and belief, Mr. Jarrett, at the time he left his position with Jan-Pro, was subject to the terms of a non-competition agreement. In addition, upon information and belief, Simpatico and Pete Frese were subject to a non-competition agreement with Jan-Pro.
4. That upon information and belief, the non-competition agreement prevented Simpatico from selling any franchises beyond the territory previously granted to it by Jan-Pro for a period of 24 to 36 months.
5. That on October 19, 2006, 30 months after Defendant Simpatico gained its independence from Jan-Pro, Stratus Franchising, LLC, filed its Articles of Organization with the Missouri Secretary of State. Pete Frese was listed as the sole member at that time. *(See Articles of Organization of Stratus Franchising, LLC, attached hereto as Exhibit “6”).*
6. The stated purpose of Stratus Franchising, LLC, was to operate as a franchisor of janitorial businesses.
7. The Articles of Organization of Stratus Franchising, LLC, were amended on May 30, 2007, 37 months after Defendant Simpatico ended its affiliation with Jan-Pro. The Amendment added Dennis Jarrett as a member of the company. *(See Amendment of Articles of Organization, attached hereto as Exhibit “7”)*
8. That the true purpose of Stratus Franchising, LLC, was to sell Master Franchises throughout the United States. *(See 2011 Master Franchise Disclosure Document with all attachments, attached hereto as Exhibit “8”)*
9. Once again, Defendants utilized the same business model as Jan-Pro.
10. The use of Master Franchises has several advantages for the Franchisor. First, the Franchisor does not have to employ people in other areas of the country to monitor the Unit Franchisees. Second, the Franchisor can charge a large franchise fee to the Master Franchisee. In this system, the estimated cost for a Master Franchise ranged from a little over $100,000 to more than $1,000,000.00, based upon the population of the proposed area. Third, by using the Master Franchise system, Stratus could limit the requirements concerning disclosure of the failures of other franchisees in other parts of the country since the Franchise Disclosure Documents came from the Master Franchisee who only had a small region.
11. The most important benefit for Stratus in utilizing Master Franchisees is that it offers a layer of insulation between the Unit Franchisees and Stratus. In a system that is based on fraudulent activity, churning, and exploitation, the illusion of an independent entity between Stratus and the Unit Franchisee is intended to give Stratus all the benefits without any of the risks.
12. However, a review of the Master Franchise Agreement reveals that, in reality, the Master Franchise is not independent and that Stratus retains the right to assert total control over the actions of the Master Franchise.
13. The following provisions are a sampling of the mechanisms of control contained in the Master Franchise Agreements:
    * + - 1. Stratus maintains the right to bypass the Master and enforce any provision of the Franchise Agreement between the Master and the Unit Franchisee; and
          2. Stratus maintains the right to take over the customer accounts sold by the Master without notice to the Master and without compensation to the Master; and
          3. The so-called, independent Master has no ownership interests in the accounts it sells. In the event that the Master Franchise is terminated, the customer accounts revert to Stratus without compensation to the Master; and
          4. All documents provided by the Master to the sub-franchisee, must be approved by Stratus. In fact, Stratus provides the Unit Franchise Agreement to the Master to be used which is identical to the agreements used by Simpatico; and
          5. The Masters are required to do business under the name Stratus Building Solutions and their Unit Franchisees are required to represent themselves to the customers as Stratus Building Solutions; and
          6. Stratus requires that all Franchise Agreements between the Master and the sub-franchisee contain a provision that Stratus be identified as a third-party beneficiary of the contract. Stratus inserts itself into the Agreement between the Master and the sub-franchise in order to alert all parties that it has ultimate control of the relationship.
14. Should there be any doubt about the level of control exerted by Stratus over the Master Franchisees, Stratus requires the Master Franchisees to appoint Stratus as attorney-in-fact of the Master Franchisees. That action alone removes any doubt about the level of control asserted by Stratus.
15. The ability to assert such control over the Master Franchisee is indicative of a system in which the Master Franchisee is nothing more than a captive sales force of the Franchisor.
16. Once the Master Franchisee is in the system, it discovers that the profit margins for the cleaning accounts are so thin that the royalties and other fees paid to Stratus leave little to no profit. As a result, the Master Franchisee is required to sell as many Unit Franchises as possible in order to survive.
17. The emphasis of the Master Franchisee becomes the sale of new Unit Franchises and the need to provide accounts for the new franchisees.
18. The ultimate result is that the Master Franchisees of Stratus must “churn” accounts in order to have any chance of success.
19. Since its inception, Stratus has aggressively marketed the Master Franchise opportunities, with full knowledge of the experiences of Simpatico in the St. Louis area.
20. Rather than providing full disclosure to the Master Franchisees, Stratus misled the Master Franchisees.
21. Many of the Master Franchisees had little to no experience in the janitorial industry.
22. In 2011, Entrepreneur magazine ranked Stratus as the fastest growing franchise in the country. *(See Stratus Press Releases, attached hereto as Exhibit “9”).*
23. In 2012, Entrepreneur magazine again ranked Stratus as the fastest growing franchise and, in addition, ranked Stratus as the largest commercial cleaning franchise. *Exhibit 9.*
24. In 2012, the St. Louis Business Journal, in its annual Book of Lists, named Stratus Building Solutions as the fastest, growing company in St. Louis for the second straight year.
25. Stratus represents to the public that it has over 5,000 franchises.
26. There is no mention in Entrepreneur that the 5,000 Unit Franchisees referenced in the press releases are actually Unit Franchisees of the Master Franchisees.
27. Stratus maintains several domain names on the internet. These include [www.stratusbuildingsolutions.com](http://www.stratusbuildingsolutions.com) and [www.stratusclean.com](http://www.stratusclean.com). All lead to the same website. That website contains testimonials from Unit Franchisees in several areas of the country. Those testimonials, intended to entice potential Franchisees, contain absolutely no reference to the existence of a Master Franchisee. *(See Exhibit “10”)*
28. The Stratus website contains information about Dennis Jarrett, the CEO, and Pete Frese, the President and COO. In glowing terms, these men are referred to as the founders of the system that has received many accolades. There is no mention of the existence of the Master Franchisees. *(See Exhibit “11”)*
29. The Stratus website actually contains a page referred to as “Accolades.” While that page contains several references to rankings for Stratus, it makes no mention of the existence of the Master Franchisees. *(See Exhibit “12”)*
30. Stratus holds itself out as the Franchisor and makes it appear that it is the entity responsible for all Unit Franchisees.
31. The 2011 Master Franchise Disclosure Document of Stratus Franchising, indicated that there were 39 Master Franchises within the United States.
32. Unit franchisees such as Plaintiffs, are given Franchise Disclosure Documents (“FDD”) from the Master Franchise in charge of the geographic region where the unit franchisee is located. *(A copy of the FDD provided to Plaintiff Rivera is attached hereto as Exhibit “13.”)*
33. The FDD of the Master Franchise is approved by Stratus and is almost identical to the FDD Defendant Simpatico provides to its Unit Franchisees.
34. The FDD provided by the Master Franchise to the Unit Franchisee contains financial information of the Master Franchise, but also contains the financial information of Stratus Franchising, LLC.
35. The FDD makes it clear that the Unit Franchisee is being given a license to use the marks and intellectual property of Stratus as a sub-licensee.
36. Stratus purposely makes the system appear as if it is in total control so that potential franchisees are misled into believing that they will be purchasing a franchise that is part of a huge system of over 5,000 franchises.
37. After the potential franchisee is in the system, they learn that if they have a problem, it is the Master Franchisee who has apparent control.
38. The franchisees are left with uncertainty and faced with having to take action against a Master Franchisee who was also misled.
39. An example of the problems caused by the Stratus systems can be seen in the State of California. A group of 51 Unit Franchisees have filed suit against the Master Franchisee. The allegations are typical of the wrongful acts which permeate the Stratus System, i.e. targeting minorities, failure to provide accounts sufficient to generate the revenue promised in the Franchise Agreement, churning, etc.. *(See Exhibit “14”).*

MARKEETA RIVERA’S STORY

1. In April of 2010, Plaintiff Rivera entered into an amended “Unit Franchise Agreement” with Impressive Cleaning Solutions, Inc., doing business as Stratus of Upstate New York. (*A copy of that franchise agreement is attached hereto as Exhibit “15”.)*
2. Pursuant to the FDD, Plaintiff purchased a franchise plan that was to provide her projected gross annual revenue in the amount of $30,000.00.
3. Pursuant to the Unit Franchise Agreement, if the Franchisor fails to offer accounts that satisfy the projected revenue within 120 days of the execution of the Agreement, Franchisor is required to refund a pro rata portion of the initial franchise fees.
4. However, Franchisor’s obligation to refund any portion of the initial franchise fee is deemed waived if the Unit Franchisee rejects any customer accounts offered by Franchisor or subsequently discontinues service to any customer accounts offered by Franchisor.
5. Plaintiff was offered accounts that required Plaintiff to travel such distances that it was economically not feasible to accept the account.
6. Under the terms of the Franchise Agreement, Franchisor could offer an account hundreds of miles away from the Unit Franchisee that Franchisor knows the Unit Franchisee will reject to relieve the Franchisor of its obligations under the contract. Such actions have occurred throughout the United States.
7. Plaintiff has never been provided accounts which total the projected annual revenues in that amount, had accounts taken from her without just cause or excuse, had excessive and/or unauthorized fees assessed against her, and has never been able to attain the business level represented to her by the Master Franchisee.
8. That the Master Franchise engaged in the practice of “Churning.”
9. That the above-referenced fraudulent actions set forth by Plaintiff, were first undertaken by the Defendants who passed their practices, policies, procedures, and methods to the Master Franchisee to utilize.

GUADALUPE CLEMENTE’S STORY

1. The story of Guadalupe Clemente is even more outrageous and a perfect example as to how the system developed by Simpatico has been used to blatantly take advantage of the Unit Franchisees.
2. Ms. Clemente discovered Stratus Building Solutions in a magazine called Segundo Mano. There were advertisements in Spanish concerning Stratus. The advertisements make no reference to the existence of the Master Franchisee and direct the reader to the Stratus website. *(See Advertisements attached hereto as Exhibit “17”).*
3. Stratus also advertised on radio station 105.9 in Phoenix, Arizona.
4. Ms. Clemente speaks little English, but Stratus provided a salesperson who spoke Spanish.
5. Ultimately, Plaintiff decided to purchase a Stratus franchise at the level which would generate revenue of $36,000.00 per year or $3,000.00 per month.
6. Plaintiff asked how long it would take to generate the revenue and was told it would occur immediately after she completed her training.
7. In order to pay for her franchise, Ms. Clemente had to sell her car.
8. She delivered a check for her franchise fee on April 4, 2011, signed her Franchise Agreement with PHSCCH SBS, LLC, doing business as Stratus Building Solutions of Metro Phoenix, the Master Franchisee, and completed her training. *(A copy of the Franchise Agreement is attached hereto as Exhibit “17”)*
9. Based on the representations made to her, she expected to be offered accounts by mid-April.
10. She was offered her first account on April 28, 2011. However, the account was too far away and would not have given her the profit she needed to make it feasible to accept the account.
11. When she refused the account, Stratus had her execute a form entitled “Non Acceptance of Account.” *(See Exhibit “18”)*
12. Plaintiff was not offered another account until September of 2011.
13. Prior to visiting the account, Plaintiff contacted a woman named “Martha” who had gone through training with her.
14. Martha informed Plaintiff that she had only been given three accounts and that they had just taken one of the accounts away.
15. Further discussion revealed that the account being offered to Plaintiff was the account that had been taken away from Martha.
16. Plaintiff visited the account but felt bad that it was the account taken away from Martha.
17. Plaintiff was not willing to participate in the “churning” of accounts.
18. Plaintiff informed Stratus that she did not want any part of the system and asked for her money back.
19. Instead of getting a refund, Plaintiff received a letter informing her that her rejection of the account in April fulfilled Stratus’ obligations under the contract. *(A copy of the letter is attached hereto as Exhibit “19”)*
20. The letter further admitted that since Stratus only offered her accounts with total monthly revenue of $1,500.00 within the time prescribed in the Franchise Agreement, she would be entitled to a refund of the difference in the value of the franchise plans. However, since Stratus alleged she did not make full payment, they gave her no refund.
21. Plaintiff has had to borrow money to purchase a vehicle and she has never been given sufficient accounts to be profitable.
22. Plaintiff lost all of her savings as a result of the fraudulent actions of Stratus.

CLASS ACTION ALLEGATIONS

1. This action is brought only for declaratory relief and may properly be maintained as a class action pursuant to Rule 52.08 of the Missouri Rules of Civil Procedure. Plaintiffs bring this action on behalf of themselves and:

All similarly situated individuals who are residents of the United States of America and who executed one or more franchise agreements with Defendants through Master Franchisees during the ten (10) year period immediately prior to the filing of this Petition. (the “Class”).

Excluded from the Class are Defendants, as well as Defendants’ employees, affiliates, officers, and directors and the Judge to whom this case is ultimately assigned. Plaintiffs reserve the right to amend the definition of the Class if discovery and/or further investigation reveals that the Class should be expanded or otherwise modified.

1. Numerosity and Impracticality of Joinder: The members of the Class are so numerous that joinder of all members would be impractical. According to the information contained in documents of the Defendants, the Class will consist of more than 5,000 Unit Franchisees.
2. Commonality and Predominance: There is a well-defined commonality of interest and common questions of law and fact that predominate over any questions affecting individual members of the Class. These common legal and factual questions, which exist without regard to the individual circumstances of any Class member, include, but are not limited to, the following:

(a). Whether the contractual relationship existing between Stratus and the Master Franchisees creates an agency relationship under the laws of the State of Missouri such that Stratus is vicariously liable for the actions of its Master Franchisees; and/or

(b). Whether Simpatico and Stratus engaged in a civil conspiracy to entice Master Franchisees and Unit Franchisees to buy into a Franchise System they knew could not be sustained.

1. Typicality: The Plaintiffs’ claims are typical of the Class in that Plaintiffs and the Class all suffered damages as a direct proximate result of the same wrongful practices of the Defendants. Plaintiffs’ claims arise from the same practices and course of conduct that give rise to the Class members’ claims. Plaintiffs’ claims are based upon the same legal theories as the Class members’ claims.
2. Adequacy: Plaintiffs will fully and adequately protect the interests of the members of the Class and have retained class counsel who are experienced and qualified in prosecuting class actions and other forms of complex litigation. Neither the Plaintiffs nor their counsel have interests which are contrary to, or conflicting with, those interests of the Class.
3. Superiority: A class action is superior to all other available methods for the fair and efficient adjudication of this controversy because, *inter alia*: it is economically impracticable for members of the Class to prosecute individual actions; prosecution as a class action will eliminate the possibility of repetitious and redundant litigation since the Master Franchise Agreement provides that Missouri law will apply; and, a class action will enable claims to be handled in an orderly, expeditious manner. Failure to accord a court in the State of Missouri the opportunity to interpret the nature of the relationship between Defendants and the Master Franchisees will result in that same issues being litigated in other States and in Federal Courts which could, in turn, result in inconsistent rulings.
4. Plaintiffs will assert and pursue the same claims of the other members of the Class. Plaintiffs are committed to the vigorous prosecution of this action and have retained competent counsel experienced in the prosecution of class actions.
5. Class certification is appropriate under Rule 52.08 (b)(2) because prosecution of separate actions by individual Class members would create a risk of inconsistent and varying adjunctions with respect to individual members of the class which would establish incompatible standards of conduct for the Defendants.
6. Class certification is further appropriate under Rule52.08(b)(2) because Defendants have acted or refused to act on grounds generally applicable to the class, thereby making appropriate final declaratory relief with respect to the class as a whole.
7. A class action is appropriate and superior method for the fair and efficient adjudication of the present controversy inasmuch as common questions of law and/or fact predominate over any individual questions which may arise, and there would be enormous savings to both the Class and the Defendants in litigating common issues on a class-wide basis.
8. In addition, no unusual difficulties are likely to be encountered in the management of this class action in that all questions of law and/or fact to be litigated at the liability stage of this action are common to the Class.

DECLARATORY JUDGMENT

1. This class action seeks declaration of liability on behalf of all persons who purchased franchises through Master Franchisees of Defendants in the United States of America.
2. This action arises from Defendants utilizing Master Franchisees as their agents to: (a) fraudulently induce Plaintiffs to enter into franchise agreements by failing to disclose all costs associated with the franchise; (b) fraudulently withhold the identities of all franchisees who had there franchises terminated; (c) violate the disclosure requirements of the Federal Trade Commission; (d) provide fraudulent earnings claims to the class without proper documentation; and (e) prevent potential franchisees from learning the turnover rate of its franchises.
3. Plaintiffs allege that Defendants, through the Master Franchisees, engaged in “churning” in which the franchisor cancels the franchise agreement or accounts of the Unit Franchisee without just cause, making the conditions for accepting accounts or servicing accounts so untenable that the Unit Franchisee will decline or abandon an account. These actions are taken by Defendants for the sole purpose of providing accounts to new Unit Franchisees thus obtaining more initial franchise fees.
4. Plaintiffs allege that Defendants were aware that the Stratus system first implemented by Defendant Simpatico was fatally flawed in that the limited number of available accounts and the competition in the market required the franchisor to continue selling Unit Franchises even though there were not enough accounts to permit the Franchisor to comply with its obligations under the various Franchise Agreements.
5. As a direct and proximate result of the actions of Defendants, both directly and through its Master Franchisees,, many of the Unit Franchisees lost their life savings.
6. Plaintiffs further allege that Defendants have improperly misclassified the Plaintiffs as independent contractors, and thereby denied them various benefits to which they are entitled to as employees under the wage laws, including minimum wage, overtime pay, other wage protections, and other benefits of employment, such as eligibility for unemployment and workers compensation.
7. Plaintiffs’ right to declaratory relief stems from Missouri Revised Statute Section 527.010, et al., and Rule 87 of the Missouri Rule of Civil Procedure..
8. Plaintiffs and the putative class are in a position of uncertainty as to the enforceability of the Master Franchise Agreement and whether the Master Franchisees are independent contractors or agents of Defendants for purposes of vicarious liability.
9. Plaintiffs and the putative class have an immediate personal interest in having this adjudicated in such manner because the Master Franchise Agreements require application of Missouri law and this Court is best suited to determine the nature of the relationship between Defendants and the Master Franchisees.
10. As a matter of judicial economy, and in the interest of uniform application of Missouri law, this Court should determine the status of the relationship to avoid having other state and federal courts apply Missouri law. Otherwise, there is a potential for conflicting decisions of foreign state and federal courts applying Missouri law.
11. Plaintiffs and the putative class members lack an adequate remedy at law.
12. Plaintiffs are entitled to an attorney’s fees for under the Missouri Declaratory Judgment Act, as the circumstances surrounding the filing and prosecuting of such Petition constitute “unusual circumstances” justifying an award of attorney’s fees.
13. The questions posed by Plaintiffs are ripe for judicial resolution, as all Plaintiffs, Defendants and interested third parties are represented in this action.

WHEREFORE, Plaintiffs pray this Court enter an Order and Declaratory Judgment, ordering:

* 1. Certification of a class of individuals who are identified as those who have purchased a franchise from the Defendants through Master Franchisees.
  2. That an Order/Judgment issue declaring that Defendant Stratus is the principal of the Master Franchisee for purposes of vicarious liability under the laws of the State of Missouri and/or that Defendants may be jointly liable to Plaintiffs and members of the putative class for conspiring to utilize Master Franchisees to commit fraud against Plaintiffs and the putative class.
  3. Order that Notice be disseminated to individual class members pursuant to Missouri law
  4. any and all other relief as the Court deems just and proper.

Respectfully submitted,

LAW OFFICE OF JONATHAN E. FORTMAN, LLC

By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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