

IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
WESTERN DISTRICT

WALTER HOLLINS, KEMONDIE)
PATTERSON, and ROSA PIZZO,)
)
Plaintiffs,)

-vs-) Case No.

THE JANITORIAL AGENCY CORP.,)
(Serve: Registered Agent)
Linda Shell)
6427 Centurion Drive, Suite 100)
Lansing, MI 48917))

JURY TRIAL DEMANDED

And)

THE JANITORIAL AGENCY)
FRANCHISE SYSTEMS CORP,)
(Serve: Registered Agent)
Linda Shell)
2600 S. Waverly Road)
Lansing, MI 48911))

And)

THE JANITORIAL AGENCY SERVICES)
CORP)
(Serve: Registered Agent)
Linda Shell)
2600 S. Waverly Road)
Lansing, MI 48911))

And)

STEPHEN CONNOR,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))

And)

CHARLES CAREY,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))

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And)
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LINDA SHELL,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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STACEY ARMSTRONG-CAREY,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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LISA WELLS,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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LISA HOESL,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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CAROL DAVIS,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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BRENT CHAPMAN,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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JOE GAUTHIER,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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AARON PFAU,)

(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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CHRISTIAN SWANSON,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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DENISE SHATTUCK,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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JAMES SMITH,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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MICHELLE SCHUMACHER,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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JONATHAN GLASS,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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ROSANNA ALDRICH,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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SUE BOWERS,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)

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TIMOTHY BLACK,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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CALVIN RANDOLPH,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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LOVEDIE PIERRE,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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JASON VAWTER,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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DENNIS KOCSIS,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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BRANDEE LINDNER,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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MEGAN HUNT,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))
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And)
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DAVE HARCUS,)
(Serve: Fifth Wheel Freight)
215 S. Washington Sq)

Lansing, MI 48933))
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And)
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REGINA HINOJOSA,)
(Serve: 300 N Deerfield Ave)
Lansing, MI 48917))
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And)
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EVAN GRIFFITHS,)
(Serve: 789 Whispering Pines Ln)
Bay City, MI 48708))
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And)
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GABE THEURER,)
(Serve: 2607 Eaton Rapids Road)
Lansing, MI 48911))
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And)
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JEFF LORENCEN,)
(Serve: 2110 Elmwood Road)
Lansing, MI 48917))
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And)
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KYLE MAURER,)
(Serve: 214 Railroad Street)
Concord, MI 49237))
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And)
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KENNETH VAN EVERY,)
(Serve: 2424 Champion Way)
Lansing, MI 48910))
)
And)
)
LOGAN SCHULTZ,)
(Serve: 2600 S. Waverly Road)
Lansing, MI 48911))

COMPLAINT

COME NOW, Walter Hollins, Kemonie Patterson, and Rosa Pizzo, individually and on behalf of a class of similarly situated others (hereinafter collectively referred to as “Plaintiffs”), by and through counsel, and for their causes of action against all Defendants, state and allege as follows based upon personal knowledge as to their own acts and, as to all other allegations, upon information and belief, and investigation by counsel:

PARTIES

1. Plaintiff Walter Hollins is a citizen and resident of the State of Michigan. That at all times relevant herein, Plaintiff owned and operated a franchise of The Janitorial Agency.
2. Plaintiff Kemonie Patterson is a citizen and resident of the State of Virginia. That at all times relevant herein, Plaintiff owned and operated a franchise of The Janitorial Agency.
3. Plaintiff Rosa Pizzo is a citizen and resident of the State of Florida. That at all times relevant herein, Plaintiff owned and operated a franchise of The Janitorial Agency.
4. Plaintiffs, collectively on behalf of themselves and others similarly situated, are hereinafter referred to as “FRANCHISEES.”
5. 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 whom have purchased a franchise(s) from The Janitorial Agency.
6. Defendant THE JANITORIAL AGENCY CORP. is a company organized and existing under the laws of the State of Michigan since July of 2008, whose principal place of business is in Lansing, Michigan, hereinafter referred to as “TJAC”; That THE JANITORIAL AGENCY CORP. is the de facto national franchisor of The

Janitorial Agency franchises and began doing business selling service agreements in 2008.

7. Defendant THE JANITORIAL AGENCY FRANCHISE SYSTEMS CORP is a company organized and existing under the laws of the State of Michigan since October of 2010, hereinafter referred to as "TJAFSC"; that THE JANITORIAL AGENCY FRANCHISE SYSTEMS CORP is an affiliated company of THE JANITORIAL AGENCY CORP used primarily to effectuate the perpetuation of the franchise system through the sale of regional master franchises.
8. Defendant THE JANITORIAL AGENCY SYSTEMS CORP is a company organized and existing under the laws of the State of Michigan since August of 2010, hereinafter referred to as "TJASC"; that THE JANITORIAL AGENCY SYSTEMS CORP is an affiliated company of THE JANITORIAL AGENCY CORP.
9. Defendant STEPHEN CONNOR, is, upon information and belief, a citizen and resident of the State of Michigan. That at all time relevant herein, Defendant STEPHEN CONNOR was the co-founder, co-owner, and president of the corporation Defendants from 2008. Defendant STEPHEN CONNOR is also known as Steve Connor.
10. Defendant CHARLES CAREY is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant CHARLES CAREY was the co-founder, co-owner, and chief executive officer of the corporation Defendants from 2008. Defendant CHARLES CAREY is also known as Dan Carey.

11. Defendant LINDA SHELL is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant LINDA SHELL was the administrative supervisor of one or more of the corporation Defendants.
12. Defendant STACEY ARMSTRONG-CAREY is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant STACEY ARMSTRONG-CAREY was the vice president of franchise development and human resources of one or more of the corporation Defendants.
13. Defendant LISA WELLS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant LISA WELLS was the web and creative designer of one or more of the corporation Defendants.
14. Defendant LISA HOESL is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant LISA HOESL was the executive marketing assistant of one or more of the corporation Defendants.
15. Defendant CAROL DAVIS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant CAROL DAVIS was the technology director of one or more of the corporation Defendants.
16. Defendant BRENT CHAPMAN is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant BRENT CHAPMAN was the franchise director of one or more of the corporation Defendants.
17. Defendant JOE GAUTHIER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant JOE GAUTHIER was the national sales director of one or more of the corporation Defendants.

18. Defendant AARON PFAU is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant AARON PFAU was the video coordinator of one or more of the corporation Defendants.
19. Defendant CHRISTIAN SWANSON is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant CHRISTIAN SWANSON was the marketing executive of one or more of the corporation Defendants.
20. Defendant DENISE SHATTUCK is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant DENISE SHATTUCK was the marketing and account manager of one or more of the corporation Defendants.
21. Defendant JAMES SMITH is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant JAMES SMITH was the marketing executive of one or more of the corporation Defendants.
22. Defendant MICHELLE SCHUMACHER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant MICHELLE SCHUMACHER was the account executive of one or more of the corporation Defendants.
23. Defendant JONATHAN GLASS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant JONATHAN GLASS was the senior writer and public relations of one or more of the corporation Defendants.

24. Defendant KYLE MAURER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant KYLE MAURER was the technology director of one or more of the corporation Defendants.
25. Defendant ROSANNA ALDRICH is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant ROSANNA ALDRICH was the marketing assistant of one or more of the corporation Defendants.
26. Defendant SUE BOWERS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant SUE BOWERS was the training and consulting director of one or more of the corporation Defendants.
27. Defendant TIMOTHY BLACK is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant TIMOTHY BLACK was the marketing executive of one or more of the corporation Defendants.
28. Defendant CALVIN RANDOLPH is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant CALVIN RANDOLPH was the marketing assistant of one or more of the corporation Defendants.
29. Defendant LOVEDIE PIERRE is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant LOVEDIE PIERRE was the marketing assistant of one or more of the corporation Defendants.
30. Defendant JASON VAWTER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant JASON VAWTER was the business consultant of one or more of the corporation Defendants.

31. Defendant DENNIS KOCSIS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant DENNIS KOCSIS was the vice president of franchise development of one or more of the corporation Defendants.
32. Defendant BRANDEE LINDNER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant BRANDEE LINDNER was the executive assistant of one or more of the corporation Defendants.
33. Defendant MEGAN HUNT is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant MEGAN HUNT was the executive assistant of one or more of the corporation Defendants.
34. Defendant KEN VAN EVERY is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant KEN VAN EVERY was the vice president of the master franchise program and operations director of one or more of the corporation Defendants.
35. Defendant DAVE HARCUS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant DAVE HARCUS was the marketing executive of one or more of the corporation Defendants.
36. Defendant REGINA HINOJOSA is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant REGINA HINOJOSA was the executive marketing assistant of one or more of the corporation Defendants.

37. Defendant EVAN GRIFFITHS is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant EVAN GRIFFITHS was the marketing executive of one or more of the corporation Defendants.
38. Defendant GABE THEURER is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant GABE THEURER was the public relations of one or more of the corporation Defendants.
39. Defendant JEFF LORENCEN is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant JEFF LORENCEN was the marketing executive of one or more of the corporation Defendants.
40. Defendant CALVIN RANDOLPH is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant CALVIN RANDOLPH was the marketing assistant of one or more of the corporation Defendants.
41. Defendant LOGAN SCHULTZ is, upon information and belief, a citizen and resident of the State of Michigan. That at all times relevant herein, Defendant LOGAN SCHULTZ was the marketing assistant of one or more of the corporation Defendants.
42. In this complaint, the term “TJA” refers to the web of affiliated companies, corporations, limited liabilities, franchisor, and their employees, representatives, and/or agents, that acting together or separately, control and/or manage and/or assist the business of The Janitorial Agency franchise system.

43. In this complaint, the term “FRANCHISOR” refers to the corporation Defendants TJAC, TJASC, and TJAFSC, collectively.

44. In this complaint, Defendants STEPHEN CONNOR, CHARLES CAREY, LINDA SHELL, STACEY ARMSTRONG-CAREY, LISA WELLS, LISA HOESL, CAROL DAVIS, BRENT CHAPMAN, JOE GAUTHIER, AARON PFAU, CHRISTIAN SWANSON, DENISE SHATTUCK, JAMES SMITH, MICHELLE SCHUMACHER, JONATHAN GLASS, KYLE MAURER, ROSANNA ALDRICH, SUE BOWERS, TIMOTHY BLACK, CALVIN RANDOLPH, LOVEDIE PIERRE, JASON VAWTER, DENNIS KOCSIS, BRANDEE LINDNER, MEGAN HUNT, DAVE HARCUS, REGINA HINOJOSA, EVAN GRIFFITHS, GABE THEURER, JEFF LORENCEN, KYLE MAURER, KENNETH VAN EVERY, LOGAN SCHULTZ, are hereinafter collectively referred to as "REPRESENTATIVES."

45. Plaintiffs have further information and belief that more discovery in this complaint will lead to additional REPRESENTATIVES.

46. All Defendants are associated with the RICO Enterprise alleged herein and conducted and participated in, directly and/or indirectly, the conduct of the RICO Enterprise's affairs.

NATURE OF THE CASE

47. This is a class action brought by Unit Franchisees of TJA arising from the illegal business scheme of TJA and its web of affiliated entities and individuals who control and operate TJA (collectively, all the “Defendants”). Through this scheme, Defendants fraudulently induced Plaintiffs and the Class to purchase a cleaning franchise masked as consulting services and thereafter exploited their control and

economic power in order to extract exorbitant and unjustifiable payments and expenditures from their franchisees. As a result, Defendants reap grossly inflated sales and profits, creating an illusion of corporate growth and business prosperity while causing substantial, permanent, and irreparable financial harm to the unit franchisees.

48. TJA's illegal scheme consists of two primary components. First, TJA engages in a policy of fraudulently and deceptively inducing franchisees to purchase TJA franchises by intentionally misrepresenting the true nature of the contractual relationship as well as the financial prospects for the franchisee and their likelihood of success. Second, TJA further takes advantage of its franchisees through other illegal, deceptive and fraudulent means, including but not limited to its willful practice of creating an illusion of consulting services with plenty of guarantees.
49. The fraudulent intent underlying TJA's scheme of deceptively luring franchisees to participate in its system and therefore extracting payments and franchise fees is demonstrated by its pattern of behavior when the inevitable franchisees' failures come to pass. In this manner, Defendants suffer no loss. Defendants then execute the same scheme against the new Unit Franchisees to continue the illegal scheme of increasing revenues.
50. TJA misrepresents several material facts to its franchisees:
 - a. TJA misrepresents what the initial investment cost will include. Franchisees are led to believe that website design and hosting, website optimization, logo design, marketing materials, and business card development are included in the investment cost, however, TJA later charges them additional fees for many of the

services, including but not limited to:

- i. An extra \$250 fee for marketing materials;
 - ii. Multiple books required to complete the training program; and
 - iii. Purchase of the business cards at an exorbitant rate through TJA.
- b. TJA makes guarantees to its franchisees, including guaranteed business volume and the best support system in the industry.
- c. TJA asserts that franchisees will receive their guaranteed minimum business volume within 6 months and that they will perform tasks such as proposal submittal and walkthrough schedules.
- d. However, when the franchisee comes to realize that they will not receive what they were guaranteed, TJA immediately places blame on the franchisee for various reasons including not completing training even though the franchisee has written proof of completion and not closing 30% of the business given to them in the form of prospective clients, even though the franchisees are not responsible for the proposal and pricing duties to the prospective clients and are at the complete mercy of TJA to provide such duties. In addition, over 90% of all prospective clients given to the franchisees have never heard of TJA when contacted by the franchisee or when the franchisee shows up for the “scheduled” walkthrough.
- e. TJA markets its franchise as a “business opportunity” or “entrepreneur program” in order to avoid several Franchise Laws that would require them to properly disclose information such as the identity of other franchisees, franchisees who have left the system, and the total anticipated costs to open and operate their

franchise.

- f. Franchisees are required to complete several training programs. TJA may pass or fail franchisees at their sole discretion and then charge the franchisee extra fees to re-take the program.
- g. TJA currently boasts that a sign of a scam is the use of multiple names, name changes, and multiple websites. However, TJA operates and has operated under several different names and/or websites, including but not limited to:
 - i. GMS Contracts;
 - ii. The Janitorial Agency;
 - iii. TJA;
 - iv. TJASC;
 - v. Cleaning Proposal;
 - vi. The Janitorial Agency Franchise System Corp; and
 - vii. TJA Branding
- h. TJA leads franchisees to believe that they will own and operate an independent business, however, the cleaning clients make payment to TJA through the franchisees and TJA retains control at all times.

51. Plaintiffs bring this action alleging violations of the Racketeer Influenced and Corrupt Organization (“RICO”) Act, 18 U.S.C. § 1962(c). Plaintiffs seek damages to remedy Defendants’ unconscionable, fraudulent, and unlawful practices in connection with the operation of its franchise scheme.

The Inception of The Janitorial Agency

52. Defendants STEPHEN CONNOR and CHARLES CAREY together owned and operated Elite Enterprise Corp. and Elite Enterprise Cleaning Corp prior to starting The Janitorial Agency in July of 2008.
53. Since its inception, TJA was selling license agreements instead of franchise agreements for the use of their system.
54. TJA is in fact a franchise and has been a franchise since the inception.
55. Therefore, for purposes of this Complaint, Plaintiffs and the Class, including all prior TJA clients, are alleged to be franchisees.
56. Since its inception, TJA has published documents, including several *YouTube* videos, that make false representations to prospective franchisees and fraudulently omit material information. Their goal is to coerce prospective franchisees to invest in a TJA franchise system.
57. TJA transmitted by interstate wire and/or through the U.S. mail fraudulent advertising material and agreements to numerous prospective and actual franchisees for the purpose of deceptively inducing them to invest in a TJA franchise.
58. TJA transmitted by World Wide Web/Internet to numerous prospective and actual franchisees fraudulent and deceptive information for the purpose of fraudulently inducing them to invest in a TJA franchise.
59. TJA received and/or possessed Plaintiffs' and the Class's property valued at \$5,000 or more, which was stolen, unlawfully converted, or taken and crossed state or international boundaries.

WALTER HOLLINS' STORY

60. Walter Hollins' story shows that TJA has no interest in the success of their franchisees once the franchisee has signed a contract and made their financial investment. (Walter Hollins' Basic Program Service Agreement – Exhibit 1)
61. Mr. Hollins was led to believe that his investment of \$7,900 would result in an income of \$75,000 annually. Mr. Hollins quit his job in order to pursue this opportunity.
62. Mr. Hollins paid \$114.88 each week towards his promissory note of \$2,900 until the amount was paid in full. During this time, he received absolutely no work and thus no income. (Walter Hollins' Promissory Note – Exhibit 2)
63. Mr. Hollins chose to invest in TJA because they marketed themselves as a way to get a head start on owning your own business. He was told that they would work with him throughout the process of building up his business, but the support system fell apart once he had purchased the franchise.
64. When Mr. Hollins spoke to Steve Conner to inquire about not receiving any business or support, Mr. Conner placed the blame on Mr. Hollins, claiming that it was his responsibility to sign contracts with clients and market himself. However, all price quotes, negotiating and communications were done through TJA. The contact number on Mr. Hollins's website, set up by TJA, was TJA's office number.
65. After TJA provided him with a business card design, he was told he would need to pay \$150.00 for 1000 business cards. He was not given an option to purchase from an outside company. (Exhibit 3)
66. During the 6-month period in which TJA was contractually obligated to provide Mr. Hollins with prospective clients, Mr. Hollins repeatedly attempted to contact TJA to

- request prospective clients to no avail. The majority of the attempts did not result in any communication and when he was able to speak to someone over the phone, he was repeatedly told to continue waiting, as they did not have any work for him.
67. In April of 2012, approximately 5 months after signing his contract, Mr. Hollins was invited to a meeting with Steve Conner and Dan Carey at TJA office in Lansing, Michigan. Mr. Hollins arrived with his fiancé and son and immediately noticed that Mr. Conner had a threatening manner and was wearing a gun in a holster. When Mr. Hollins asked why he was carrying a weapon, Mr. Conner gave a hostile response, claiming that it was his right to carry a gun. Throughout the meeting Mr. Hollins felt very uncomfortable, intimidated, and threatened.
68. Mr. Hollins was sent on approximately 6 walkthroughs, none of which resulted in a contract. Many of the so-called "prospective clients" did not have a need for cleaning services. Several of the clients did show interest in signing a contract, but these were not given to Mr. Hollins, and were instead passed on to Mr. Conner's brother, Chris Connor, another franchisee/"success story" of TJA.

KEMONDIE PATTERSON'S STORY

69. Kemondie Patterson is another example of how TJA failed to comply with the promises made in their contract.
70. Mr. Patterson discovered TJA on franchisedirect.com and was under the impression that his investment was sold as a franchise. (franchisedirect.com ad – Exhibit 4)
71. TJA claimed that Mr. Patterson would be provided with training with live consulting. However, he was only given 20 online videos as his training course.

72. Mr. Patterson's service agreement with TJA states that he would be provided with "minimum business volume opportunities to CUSTOMER in the amount of \$128,000 in potential gross contract revenue." However, Mr. Patterson was only ever offered 2 prospective clients, neither of which resulted in a contract. (Kemondie Patterson's Basic Program Service Agreement – Exhibit 5)
73. Mr. Patterson was given a supposedly confirmed walk through appointment with a prospective client, County Grill and Smokehouse, but upon arrival at the client's place of business, he discovered that the potential client had never agreed to an appointment and had no need for cleaning services. (Exhibit 6)
74. After waiting four months and receiving no work, Mr. Patterson contacted Brent Chapman in order to obtain the exact date that he had completed his training. He wished to provide the 4 months written notice regarding not receiving any business, as is required in their service agreement. After two contact attempts, Mr. Patterson was told that he had not completed training, and thus could not send the written notice. However, 2 months prior, on February 14, 2013, Mr. Patterson had received an email confirming that he had completed all of his training. (Exhibit 7).

ROSA PIZZO'S STORY

75. Rosa Pizzo is yet another example of how TJA lured in investors with promises of low start-up costs and high return on investments without being able to follow through on the promised profits.
76. Rosa Pizzo had originally planned to purchase a franchise, but she discovered TJA, which was marketed to her as a low-cost alternative to a traditional franchise. (Rosa Pizzo's Basic Service Agreement – Exhibit 8)

77. After investing in TJA, Ms. Pizzo noticed a significant decrease in the amount of support provided.
78. When Ms. Pizzo was presented with the webpage TJA had created for her, she was not fully satisfied. Not only was she not able to control any aspect of the webpage, she was also told she would be charged extra fees for any changes made to the webpage after it was launched.
79. TJA's contract stated that Ms. Pizzo would be provided with 10 prospective clients with whom she could perform a walk through in order to pitch her services. When she contacted the 10 prospective clients, none of them had ever heard of TJA nor had any interest in cleaning services. The Janitorial Agency provided her with phone numbers and addresses, not potential clients. (Exhibit 9)
80. Ms. Pizzo was told that the training program would teach her how to run her own business, but the training program focused more heavily on cleaning skills, which Ms. Pizzo already possessed prior to her investment.
81. Ms. Pizzo invested \$7,900 and was never able to work a single day in order to earn back any of her initial investment. Although she completed all training programs and received positive feedback from TJA.

OTHER SUITS FILED

82. In April of 2013, Efrem Cleaning System filed a lawsuit against The Janitorial Agency alleging violations including, breach of contract and allegations of theft, against Defendant. This case was dismissed for lack of jurisdiction in April 2013.
83. In November of 2012, Habi Adams and Ismail Belouki filed a lawsuit against The Janitorial Agency Services Corporation, The Janitorial Agency Franchise Systems

Corp., Dan Carey (aka Charles Carey), and Steve Connor (aka Stephen Connor) alleging violations including, equitable rescission, fraud, civil conspiracy, violation of Michigan's franchise investment law, violation of Michigan's consumer protection act, breach of contract, RICO, and rescission due to innocent misrepresentation.

JURISDICTION AND VENUE

84. This Court has subject matter jurisdiction over this case pursuant to 18 U.S.C. § 1964(c) under the Federal Racketeer Influenced and Corrupt Organizations Act (“RICO”) claim.
85. This court has subject matter jurisdiction over the Plaintiffs’ claim brought under RICO pursuant to 28 U.S.C. § 1331.
86. Venue is proper in this Court under 28 U.S.C. § 1391 (b) (2) because a substantial part of the events or omissions giving rise to the claims of the Plaintiffs occurred in this judicial district: TJA operates and does business in the Western District of Michigan, and a substantial part of the events giving rise to Plaintiffs’ claims occurred in the Western District of Michigan.
87. Venue is also proper pursuant to the nationwide venue provisions under 18 U.S.C. § 1965: TJA operates and does business in the Western District of Michigan, are found in the Western District of Michigan, have a registered agent in the Western District of Michigan and transact business in the Western District of Michigan.

CLASS ACTION ALLEGATIONS

88. This action may also properly be maintained as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b).

89. Plaintiffs bring this action on behalf of themselves and all similarly situated others defined as:

All individuals or entities located in the United States who signed Service Agreements with The Janitorial Agency Services Corporation and/or its affiliates or predecessors, at any time from July 1, 2008, to present (the "Class"). The "Class Period" is from July 1, 2008 to the present. 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.

90. Plaintiffs reserve the right to amend the definition of the Class if discovery and/or further investigation reveal that the Class should be expanded or otherwise modified.

Rule 23(a)

91. Numerosity and Impracticality of Joinder: The members of the Class are so numerous that their individual joinder would be impractical. According to a 2012 *YouTube* video there were at least 1,500 current franchisees in their system. The precise identities and locations of members of the Class are unknown to Plaintiffs, but are and should be known with proper and full discovery of Defendants, third parties, and their respective records.

92. 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 and to what extent Defendants' practices, conducts, and misrepresentations violate Federal law;
- b. Whether Defendants have engaged in mail and wire fraud;
- c. Whether Defendants received or possessed stolen, unlawfully converted or took Plaintiffs/Class's property across state or international boundaries;
- d. Whether it was reasonably foreseeable that misrepresentations by TJA would be sent over interstate wires;
- e. Whether there were any misrepresentations by TJA sent across interstate wires for purposes of executing schemes to defraud;
- f. Whether TJA intentionally participated in schemes to defraud and use interstate wires in furtherance of the scheme in violation of 18 U.S.C. § 1343;
- g. Whether Defendants engaged in a pattern of racketeering activity;
- h. Whether the TJA franchise system is an enterprise within the meaning of 18 U.S.C. §1961(4);
- i. Whether Defendants conducted or participated in the affairs of the enterprise through a pattern of racketeering activity in violation of U.S.C. § 1962(c);
- j. Whether Defendants' overt and/or predicate acts in furtherance of the conspiracy and/or direct acts in violation of 18 U.S.C. §1962(a) and (c) proximately caused injury to the Plaintiffs' and class members' business, economic, and property;
- k. Whether any misrepresentations or omissions by TJA reasonably calculated to deceive persons of ordinary prudence;
- l. Whether Defendants' affirmative statements and material omissions constitute intentional fraud;

- m. Whether TJA's service agreements contained fraudulent misrepresentations and omissions;
- n. Whether TJA violated several FTC rules and regulations including but not limited to properly filing a franchise and providing franchisees with Franchise Disclosure Documents;
- o. Whether Plaintiffs sustained injury as a result of TJA's breaches of the franchise agreement and/or the implied covenant of good faith and fair dealing;
- p. Whether Plaintiffs and Class Members are entitled to recover compensatory, exemplary, and/or treble damages based on Defendants' fraudulent and illegal conduct and/or practices; and
- q. Whether Plaintiffs and Class Members are entitled to an award of reasonable attorneys' fees, prejudgment interest, and costs of suit.

The questions of law and fact common to all Class members predominate over any questions that may affect only individual Class members. A class action is a superior method of adjudicating the Class members' claims because individual actions would unnecessarily burden the Court and create the risk of inconsistent results.

93. Typicality: The Plaintiffs' claims are typical of the Class in that Plaintiffs have a common origin and share common bases. Plaintiffs and all putative Class members are or were franchisees operating under The Janitorial Agency system and have lost monies by reason of the system-wide scheme by TJA to defraud and make misrepresentations to potential franchisees of The Janitorial Agency system. Their claims originate from the same illegal, fraudulent and confiscatory practices of the Defendants, and the Defendants act in the same way toward the Plaintiffs and the

- Class members. If brought and prosecuted individually, the claims of each Class member would necessarily require proof of the same material and substantive facts, rely upon the same remedial theories, and seek the same relief. Plaintiffs have no interests that are antagonistic or adverse to the other Class members.
94. Adequacy: Plaintiffs will fully and adequately protect the interests of the members of the Class and have retained competent class counsel who are experienced and qualified in prosecuting class actions and other forms of complex litigation and intend to prosecute this action vigorously. Neither the Plaintiffs nor their counsel have interests which are contrary to, or conflicting with, those interests of the Class.
95. 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; and, a class action will enable claims to be handled in an orderly, expeditious manner.
96. Plaintiffs seek certification of a class, alternatively, under Fed. R. Civ. P.23(b)(2) or 23(b)(3), or a combination thereof.
97. This lawsuit may be maintained as a class action under Federal Rules of Civil Procedure 23(b)(3) because questions of fact and law common to the Class predominate over the questions affecting only individual members of the Class, and a class action is superior to other available means for the fair and efficient adjudication of this dispute.. The damages suffered by each individual class member may be disproportionate to the burden and expense of individual prosecution of complex and extensive litigation to proscribe Defendants' conduct and practices. Additionally,

effective redress for each and every class member against Defendants may be limited or even impossible where serial, duplicated or concurrent litigation occurs arising from these disputes. Even if individual class members could afford or justify the prosecution of their separate claims, such an approach would compound the judicial inefficiencies, and could lead to incongruous judgments against Defendants.

Statute of Limitations Estoppel

98. Throughout the implementation of their fraud and continuing until the present day, Defendants have engaged in affirmative conduct and made representations, including those described herein, with the intent and effect of preventing Plaintiffs and the Class from becoming aware of their rights or otherwise dissuading them from pursuing legal action to vindicate those rights.
99. Defendants have also actively concealed information necessary for Plaintiffs and the Class to discover the existence of their cause of action.
100. As a result of Defendants' self-concealing fraud, affirmative misconduct, misrepresentations and omissions, Plaintiffs and the Class did not know, and could not know in the exercise of reasonable diligence, the basis of their claims. Accordingly, Defendants are estopped from raising affirmative defenses relying upon any statutes of limitations or contractual limitation periods otherwise applicable to the claims asserted herein by Plaintiffs.

COUNT I

Racketeer Influenced and Corrupt Organizations Act (RICO) Violation of 18 U.S.C. §1962(c)

Come now Plaintiffs, individually and on behalf of all others similarly situated,

and for their cause of action against Defendants state as follows:

101. Plaintiffs re-allege and incorporate by reference as if fully set forth herein, each and every allegation contained in paragraphs 1- 101 of this Complaint.
102. The TJA system, including each and every current and former corporation, constitute an association-in-fact enterprise under 18 U.S.C. §1961(4) in that: (a) there is a common and/or shared purpose among the members; (b) there is continuity of structure and personnel; and (c) there is an ascertainable structure distinct from that inherent in the pattern of racketeering.
103. The enterprise is separate and distinct from the individual Defendant, REPRESENTATIVES that participated in the enterprise and direct its affairs.
104. The structure of the enterprise is imposed by the Master Franchise Agreements and the Unit Franchise Agreements entitled Service Agreements.
105. There are numerous aspects of the operation of this enterprise that do not involve conduct that is intrinsically criminal or illegal including, but not limited to, the sale of cleaning services to third-parties, the hiring of employees, and many other day-to-day activities.
106. The enterprise affects interstate commerce in a variety of ways including the use of interstate communications in the sale of franchises and cleaning services.
107. The Defendants conduct the affairs of the enterprise, as opposed to merely their own affairs by, among other things, invoking provisions of the franchise agreements to require Plaintiffs to take certain actions or refrain from taking certain actions and, in general, asserting control of the activities of franchisees in a hierarchical manner.
108. Defendant TJA, and each and every individual Defendant, participated in the

- conduct of the enterprise through inducing the purchase of franchises by Plaintiffs and all members of the Class, by knowingly disseminating false and fraudulent information contained within the franchise agreements/service agreements and other publicly available resources.
109. Defendants are engaged in an ongoing pattern of racketeering activity as defined by 18 U.S.C. §1961(5).
110. The pattern of racketeering activity of Defendants consists of more than two acts of racketeering activity, the most recent of which occurred within ten years after the commission of the prior act of racketeering activity.
111. Defendants have violated and continue to violate 18 U.S.C. §1341 in that defendants: (a) devised a plan to scheme or defraud the Unit Franchisees; (b) intended to defraud Unit Franchisees, (c) should have reasonably foreseen that the mail would be used; and (d) used the U.S. Postal Service or equivalent private carrier to further the scheme.
112. Defendants have violated and continue to violate 18 U.S.C § 2315 in that defendants: (a) stole, converted, possessed, took, and/or received Unit Franchisees' property; (b) intended to steal, convert, possess, take, and/or receive Unit Franchisees' property; (c) knew or should have reasonably foreseen that Unit Franchisees' property would cross state or international boundaries.
113. Each violation of 18 U.S.C §1341 and §1343 constitutes an act of racketeering.
114. The acts of racketeering activity of all Defendants have the same or similar methods.
115. The acts of racketeering activity committed by all Defendants have the same or

- similar objective: namely to sell as many Unit Franchises as possible to increase the profits of the Defendants.
116. The acts of racketeering activity committed by all Defendants have the same victims, including Plaintiffs and all other Class Members.
 117. The acts of racketeering activity involving all Defendants involve a distinct threat of long-term racketeering activity.
 118. The practice of Defendants in knowingly and intentionally misrepresenting the true nature of TJA system has continued for at least five years, is ongoing, and will continue into the future unless halted by judicial intervention.
 119. Defendants' intentional misrepresentation of the true nature of the TJA system is part of the enterprise's regular way of conducting business.
 120. Defendants' pattern of racketeering activity has caused Plaintiffs and all other Members of the Class to invest into a system much different than the system represented to them by Defendants.
 121. Plaintiffs and all other Class Members have suffered an injury to their business and/or property in that Plaintiffs/Class Members were fraudulently induced into entering a Unit Franchise Agreement misleadingly titled Service Agreement as a result of Defendants racketeering activity.
 122. The unlawful conduct of all Defendants has allowed defendants to earn and/or retain significant funds to which they are not entitled.

WHEREFORE, for the foregoing reasons, Plaintiffs, individually and on behalf of all others similarly situated, pray this Court enter judgment in their favor in Count I of their Complaint, treble damages, an award of attorneys' fees, their costs herein expended, and for such

other relief the court deems just and proper. Plaintiffs hereby demand trial of their claims by jury to the extent authorized by law.

COUNT II

Racketeer Influenced and Corrupt Organizations Act (RICO) Violation of 18 U.S.C. §1962(d)

Come now Plaintiffs, individually and on behalf of all others similarly situated, and for their cause of action against Defendants state as follows:

123. Plaintiffs re-allege and incorporate by reference as if fully set forth herein, each and every allegation contained in paragraphs 1- 123 of this Complaint.

124. As set forth in Count I, Defendants agreed and conspired to violate 18 U.S.C. §1962(d). Specifically, Defendants engaged in a willful pattern and practice of misrepresenting the TJA system in order to fraudulently induce Plaintiffs and Members of the Class into entering Unit Franchise Agreements.

125. The Defendants have intentionally conspired to conduct and participate in the conduct of the affairs of the enterprise through a pattern of racketeering activity.

126. Defendants knew that their predicate acts were part of a pattern of racketeering activity and agreed to the commission of those acts to further the aforementioned schemes in violation of 18 U.S.C. §1962(d).

127. As a direct and proximate result of the Defendants conspiracy, the overt acts taken in furtherance of that conspiracy, and violations of 18 U.S.C. §1962(d), Plaintiffs and Members of the Class have been injured in their business and property in that Plaintiffs were fraudulently induced into entering Unit Franchise Agreements as a result of Defendants racketeering activity.

WHEREFORE, for the foregoing reasons, Plaintiffs, individually and on behalf of all

others similarly situated, pray this Court enter judgment in their favor in Count II of their Complaint, treble damages, an award of attorneys' fees, their costs herein expended, and for such other relief the court deems just and proper. Plaintiffs hereby demand trial of their claims by jury to the extent authorized by law.

COUNT III

Violation of Michigan's Franchise Investment Law MCL 445.1501, *et seq.*

Come now Plaintiffs, individually and on behalf of all others similarly situated, and for their cause of action against Defendants state as follows:

128. Plaintiffs re-allege and incorporate by reference as if fully set forth herein, each and every allegation contained in paragraphs 1- 128 of this Complaint.

129. The Michigan Franchise Investment Law, MCL 445.1501, *et seq.*, governs the offer or sale of franchises in the state of Michigan and is broadly construed to effectuate its purpose of providing protection to the public.

130. MCL 445.1502(3) defines a "franchise" as regulated by the Act as a "contract or agreement, either express or implied, whether oral or written, between two or more persons to which all of the following apply:

- a. A franchisee is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan or system prescribed in substantial part by a franchisor.
- b. A franchisee is granted the right to engage in the business of offering, selling, or distributing goods or services substantially associated with the franchisor's trademark, service mark, trade name, logotype, advertising, or other commercial symbol designating the franchisor or its affiliate.

- c. The franchisee is required to pay, directly or indirectly, a franchise fee.
131. MCL 445.1502(1) defines “advertisement” as a written or printed communication or a communication by means of recorded telephone message or spoken on radio, television, or similar communications of media, published in connection with an offer or sale of a franchise.
 132. Defendants violated MCL 445.1505 by offering and selling a franchise to Plaintiff in the state of Michigan by making representations that were false, misleading and deceptive, employing any device, scheme, or artifice to defraud, and engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
 133. Defendants concealed, withheld from discovery and suppressed the facts giving rise to the aforesaid state-specific claims and such concealment was only discovered (and discoverable) after the commencement of the sale of the franchise and after the commencement of the present litigation.
 134. Defendants failed to provide any interested agency or person a franchise opportunities handbook containing information to be used by a potential franchisee in evaluating a franchise offering, in accordance with MCL 445.1505(a).
 135. Defendants failed to properly file the notice required prior to offering for sale or selling of a franchise in accordance with MCL 445.1507(a).
 136. Defendants failed to properly provide potential franchisees with a disclosure statement, notice, and proposed agreements, in accordance with MCL 445.1508.
 137. Defendants violated MCL 445.1525 by publishing advertisements concerning the offer or sale of a franchise with statements that are false, misleading, or omits to

- make any statement necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in the state of Michigan.
138. By selling a franchise in violation of MCL 445.1505 and/or MCL 445.1508, Defendants are liable to the person purchasing the franchise for damages or rescission, with interest at 12% per year, reasonable attorneys' fees, and Court costs, in accordance with MCL 445.1531.
139. By selling a franchise in violation of MCL 445.1507(a), Defendants are liable to the persons purchasing the franchise for damages caused by the noncompliance, in accordance with MCL 445.1531.
140. According to MCL 445.1532, "a person who directly or indirectly controls a person liable under this act, a partner in a firm so liable, a principal executive officer or director of a corporation so liable, a person occupying a similar status or performing similar functions, an employee of a person so liable who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person, unless the other person who is so liable had no knowledge of or reasonable grounds to believe in the existence of the facts by reason of which the liability is alleged to exist," making all person Defendants liable.
141. TJA knowingly sold franchises as "Entrepreneur Programs."
142. TJA advertises its business on the website www.franchisedirect.com. (See Exhibit 4)
143. The advertisements make numerous references to the "Entrepreneur Program" as a franchise, including but not limited to:
- a. "The Janitorial Agency is a top franchise opportunity in the commercial cleaning

sector.”

- b. “Single and master franchises are available now throughout the country.”
 - c. “The Janitorial Agency is cutting edge, fast growing franchise opportunity with a proven record of success in the \$100+ billion cleaning industry.”
 - d. “Business Type: Franchise”
 - e. “With investment levels starting as low as \$7,900, The Janitorial Agency offers everything you will need to start your own business all the way to managing and operating your own profitable cleaning company. We provide the same support and training that you would get from investing in a typical franchise, however, with the Janitorial Agency you have the luxury of running your own cleaning company.”
144. TJA also advertised on www.bison.com stating The Janitorial Agency as a commercial cleaning franchise. (Exhibit 10)
145. The www.bison.com advertisement makes numerous references to the “Entrepreneur Program” as a franchise, including but not limited to:
- a. marketing the entrepreneur program as “an opportunity for entrepreneurs, sales, marketing, and advertising professionals to expand their commercial cleaning business. The Janitorial Agency is a professional sales and marketing opportunity in the growing \$130 Billion building maintenance industry.”
 - b. “You do not have to wait to get paid on your contracts throughout the whole contract like other cleaning franchises.”
 - c. “The Janitorial Agency offers a franchise business model so unique that even our competitors' franchisees come to us looking for help.”

- d. "...The Janitorial Agency cleaning franchise has one of the best support systems in the industry."
 - e. "Fill out the form below to get more information on The Janitorial Agency cleaning franchise."
146. TJA's website also prominently features an image indicating TJA "as seen in" a publication called "the Franchise Handbook." (Exhibit 11)
147. TJA also advertises the "Entrepreneur Program" on its own website www.janitorialagency.com/franchiseoffer , including but not limited to:
- a. "The Entrepreneur Program which grants a person the luxury of owning their own business without the hassle of being a normal cleaning franchise."
 - b. The Janitorial Agency's entrepreneur program is the easiest way to give people the business independence they are looking for, but with better support than other cleaning franchise systems out there."
148. TJA advertises on the website www.franchiseclique.com and makes the following statements, including but not limited to:
- a. "We are a cutting edge, fast growing franchise opportunity in the cleaning industry with a proven record of success."
 - b. "Receive FREE franchise info about The Janitorial Agency." (Exhibit 12)
149. TJA intended that persons should pay to enter its "entrepreneur program" as a result of viewing these website advertisements.
150. TJA advertised the "entrepreneur program" as a franchise.
151. The "entrepreneurs" are allowed to offer and distribute services under a marketing plan or system prescribed in substantial part by TJA, including but not limited to:

- a. “Entrepreneurs” market TJA through walkthroughs.
 - b. TJA gives “entrepreneurs” specific training on how to conduct the walkthroughs.
 - c. TJA requires the “entrepreneurs” to provide TJA specific information gained from the potential client during the walkthroughs.
 - d. TJA then submits bids to the potential clients as a result of the information gained by the “entrepreneur” during the walkthroughs.
 - e. TJA, in fact, prohibits its “entrepreneurs” from directly contacting the potential clients after a walkthrough.
152. The “entrepreneurs” offer janitorial services in a manner substantially related to TJA’s service mark, including but not limited to:
- a. TJA sets up the appointments for its “entrepreneurs” to perform walkthroughs.
 - b. When TJA calls the potential clients and informs them that a “representative from TJA will be through.”
 - c. The bid that TJA submits to the potential client indicates “TJA, on behalf of [the entrepreneur].”
 - d. Should the “entrepreneur” retain the potential client, the potential client writes a check for the services provided to the entrepreneur directly to TJA.
153. TJA’s “entrepreneurs” indirectly pay a franchise fee in the form of a 20% “commission” on the anticipated revenue of all contracts gained as a result of the walkthrough process.
154. As a franchisor, TJA was required to file a notice of intent to sell a franchise with the Michigan Attorney General’s office pursuant to MCL 445.1507a.
155. TJA did not file this notice of intent to sell franchises with respect to the

“entrepreneurs.”

156. Prior to selling the “entrepreneur program” franchise to a franchisee, such as Plaintiffs, TJA was required to provide the potential franchisees with a detailed disclosure statement that follows the statutory requirements of MCL 445.1508.

157. TJA did not provide such disclosure statements. However, TJA does provide a similar document entitled “Basic Program Information Pack” that does not conform to the statutory requirements of a disclosure statement. (Exhibit 13)

158. TJA did not provide proper disclosure statements to Plaintiffs.

WHEREFORE, for the foregoing reasons, Plaintiffs, individually and on behalf of all others similarly situated, pray this Court enter judgment in their favor in Count III of their Complaint, 12% interest per annum, an award of attorneys’ fees, their costs herein expended, and for such other relief the Court deems just and proper. Plaintiffs hereby demand trial of their claims by jury to the extent authorized by law.

Respectfully submitted,

LAW OFFICE OF JONATHAN E. FORTMAN, LLC

