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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

Case No. _____

FEDERAL TRADE COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
 HOLIDAY ENTERPRISES, INC.,)
 a Delaware corporation,)
)
 HOLIDAY INK, INC.,)
 a Delaware corporation,)
)
 HOLIDAY INK HALF PRICE, INC.,)
 a Delaware corporation,)
)
 RICHARD J. MORRELL, a/k/a Nick Cascario,)
 R. J. Morrell, and Nick Morrell,)
 individually, and as owner, officer,)
 director, or manager of one or more of)
 the above-listed corporations, and)
)
 RICHARD J. CASCARIO, a/k/a Richard J.)
 Morrell, Jr., and Rick Cascario,)
 individually, and as owner, officer,)
 director, or manager of one or more of)
 the above-listed corporations,)
)
 Defendants,)
)
 and)
)
 N.M.C. PROPERTIES, INC.,)
 a Delaware Corporation,)
)
 Relief Defendant.)
)

) COMPLAINT FOR
) PERMANENT INJUNCTION
) AND OTHER EQUITABLE
) RELIEF

1:06-CV-2939

Plaintiff, the Federal Trade Commission ("FTC" or "the

Commission"), for its Complaint alleges the following:

1. The FTC brings this action under Sections 5(a), 13(b), and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b) and 57b, to secure temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" ("Franchise Rule"), 16 C.F.R. Part 436.

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1337(a) and 1345, and 15 U.S.C. §§ 53(b) and 57b.
3. Venue in the United States District Court for the Northern District of Georgia is proper under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff, FTC, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC is charged, inter alia, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits

unfair or deceptive acts or practices in or affecting commerce, as well as enforcement of the Franchise Rule. The FTC is authorized to initiate federal district court proceedings to enjoin violations of the FTC Act in order to secure such equitable relief as may be appropriate in each case and to obtain consumer redress. 15 U.S.C. §§ 53(b), 57b.

CORPORATE DEFENDANTS

5. Defendant HOLIDAY ENTERPRISES, INC., is a Delaware corporation with its principal place of business at 2589 Ivy Plantation Drive, Buford, Georgia 30519. Defendant HOLIDAY ENTERPRISES has promoted and sold re-manufactured ink cartridge and display rack business opportunities. HOLIDAY ENTERPRISES transacts or has transacted business in the Northern District of Georgia.
6. Defendant HOLIDAY INK, INC., is a Delaware corporation with its principal place of business at 3982 Cherokee Trail, Suwanee, Georgia 30024. Defendant HOLIDAY INK, INC., has promoted and sold re-manufactured ink cartridge and display rack business opportunities. HOLIDAY INK, INC., transacts or has transacted business in the Northern District of Georgia.
7. Defendant HOLIDAY INK HALF PRICE, INC., is a Delaware corporation with its principal place of business at 3982

Cherokee Trail, Suwanee, Georgia 30024. Defendant HOLIDAY INK HALF PRICE, INC., has promoted and sold re-manufactured ink cartridge and display rack business opportunities. HOLIDAY INK HALF PRICE, INC., transacts or has transacted business in the Northern District of Georgia.

INDIVIDUAL DEFENDANTS

8. Defendant RICHARD J. MORRELL (a/k/a Nick Cascario, R.J. Morrell, and Nick Morrell) ("NICK MORRELL") is an officer, director, manager, and/or owner of Corporate Defendants HOLIDAY ENTERPRISES, INC., HOLIDAY INK, INC., and HOLIDAY INK HALF PRICE, INC. (collectively, "HOLIDAY INK"). At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled or participated in the acts and practices of HOLIDAY INK, including the deceptive acts and practices set forth in this Complaint. He resides in or transacts or has transacted business in the Northern District of Georgia.
9. Defendant RICHARD J. CASCARIO, (a/k/a Richard J. Morrell, Jr.) ("RICK CASCARIO") is an officer, director, manager, and/or owner of HOLIDAY INK.. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled or participated in the acts and practices of HOLIDAY INK, including the deceptive acts and practices set forth in this Complaint. He resides in or

transacts or has transacted business in the Northern District of Georgia.

RELIEF DEFENDANT

10. Relief Defendant N.M.C. PROPERTIES, INC., has received funds and/or property that can be traced directly to HOLIDAY INK's deceptive acts and practices for which it has no legitimate claim. Relief Defendant N.M.C. PROPERTIES, INC., is a Delaware corporation that transacts or has transacted business in the Northern District of Georgia.

COMMERCE

11. At all times material to this Complaint, Defendants have maintained a substantial course of trade, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS ACTIVITIES

12. Since at least 2003, Defendants have engaged in a course of conduct to advertise, market, promote, offer to sell, and sell to consumers display rack business opportunities.
13. Defendants have promoted their business opportunities to prospective purchasers through a variety of means, including radio and newspaper advertisements, the Internet, written marketing materials, and telephonic and in-person sales pitches. Typical print advertisements have stated:

HIGH PROFIT BUSINESS!

140 million faxes/copiers need INK. Nat'l co. expanding: seeks Distributors. Earn \$50-\$200K. Min. Inv: \$16K. 866-343-7000.

MASTER DISTRIBUTOR

Ink Products, nat'l co. seeks aggressive individual for area. Override on existing distributor serv. Investment. Secured by inventory. Great opportunity. 1-800-433-9866.

14. In their written promotional materials and in their sales pitches, Defendants have represented to prospective business opportunity purchasers that they could reasonably expect to earn a substantial income or to achieve a specific level of earnings; for example, numerous consumers have been told that they could earn yearly net profits of between \$20,000 to \$184,000, depending on the number of display racks consumers purchased. In addition, Defendants have often told consumers that such figures were low or average estimates of the sales or earnings that they could reasonably expect to earn through their purchase of Defendants' business opportunity.
15. Defendants have made additional claims to consumers about earnings potential and availability of profitable locations, including statements such as the following:
 - High-traffic, high-volume, profitable locations in which to place the product display racks are available in their areas and that Defendants offer a program to

find those locations for the purchasers of their business opportunity.

- You will make six figures with a 20-display rack package.

- Our figures are based on an average of three sales a day, and this figure is a conservative estimate.

16. Defendants also have urged prospective purchasers to contact certain company-selected references, who have purportedly purchased a business opportunity from Defendants.

Defendants have led prospective purchasers to believe that these references would provide reliable descriptions of their successful experiences with Defendants' business opportunity. In numerous instances, Defendants have paid people to provide references for their business opportunity and failed to inform prospective purchasers that Defendants have paid these references for their statements. In many instances, these purported references have not, in fact, purchased Defendants' business opportunities and have often been Defendants' own employees.

17. When consumers have purchased a business opportunity from Defendants, they have paid anywhere from \$7,950 to \$55,950, depending on the number of display racks purchased.

18. In numerous instances, consumers have discovered, after their purchase, that earnings in the amounts represented by Defendants could not be made through Defendants' business opportunity. They also have discovered that Defendants have

not had prime locations available for their display racks. Consumers have often lost their entire investment.

19. Defendants have provided a disclosure document to prospective purchasers. However, this basic disclosure document, contained in Defendants' promotional packet, has failed to provide all of the disclosures required by the FTC's Franchise Rule. 16 C.F.R. §§ 436.1(a)(1)-(20).
20. The basic disclosure document did not disclose, for example, the following: (1) the business experience and litigation history of Defendants; and (2) the names and addresses of any previous purchasers of Defendants' business opportunity.
21. Defendants have had no reasonable basis for their earnings representations, have failed to disclose that materials are available which demonstrate a reasonable basis for the claims, or have failed to provide prospective business opportunity purchasers with the earnings claim document required by the Franchise Rule.
22. Defendants have made generally disseminated earnings claims in the form of classified advertisements, but they have failed to disclose information required by the Franchise Rule, including the number and percentage of prior purchasers known by them to have achieved the same or better results.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that "unfair or deceptive acts or practices in or affecting commerce are hereby declared unlawful."

COUNT ONE

Misrepresentations Regarding Earnings

24. In numerous instances, in the course of offering for sale and selling their business opportunities, Defendants have represented, expressly or by implication, that consumers who purchase Defendants' business opportunity are likely to earn substantial income.
25. In truth and in fact, consumers who purchased Defendants' business opportunity have not earned substantial income.
26. Therefore, Defendants' representations as set forth in Paragraph 24 are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

Misrepresentations Regarding Locations

27. In numerous instances, in the course of offering for sale and selling their business opportunities, Defendants have represented, expressly or by implication, that Defendants

would provide purchasers with high-traffic, high-volume or profitable locations in which to place the purchasers' display racks.

28. In truth and in fact, in numerous of these instances, Defendants did not provide purchasers with high-traffic, high-volume or profitable locations in which to place the purchasers' display racks.
29. Therefore, Defendants' representations as set forth in Paragraph 27 are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT THREE

Misrepresentations Regarding References

30. In numerous instances, in the course of offering for sale and selling their business opportunities, Defendants have represented, expressly or by implication, that certain company-selected references purchased Defendants' business opportunities or would provide reliable descriptions of experiences with these business opportunities.
31. In truth and in fact, in numerous instances, the references did not purchase Defendants' business opportunities or did not provide reliable descriptions of experiences with these business opportunities.
32. Therefore, Defendants' representations as set forth in

Paragraph 30 are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE FRANCHISE RULE

33. The business opportunities sold by Defendants are franchises, as "franchise" is defined in Sections 436.2(a)(1)(ii), (a)(2), and (a)(5) of the Franchise Rule, 16 C.F.R. § 436.2(a)(1)(ii), (a)(2), and (a)(5).
34. The Franchise Rule requires a franchisor to provide prospective franchisees with a complete and accurate basic disclosure statement containing 20 categories of information, including (1) the business experience and litigation history of the executive officers, and (2) the names, addresses, and telephone numbers of other franchisees. 16 C.F.R. § 436.1(a)(1)-(20). The pre-sale disclosure of this information enables a prospective franchisee to contact prior purchasers and take other steps to assess any potential risks involved in the purchase of the franchise.
35. The Franchise Rule additionally requires that a franchisor:
 - (a) have a reasonable basis for any oral, written, or visual earnings or profit representation ("earnings claim") it makes, 16 C.F.R. § 436.1(b)(2), (c)(2), and (e)(1);

- (b) in immediate conjunction with any earnings claim it makes, disclose in a clear and conspicuous manner that material that constitutes a reasonable basis for the earnings claim is available to prospective franchisees, 16 C.F.R. § 436.1(b)(2) and(c)(2);
- (c) provide, as prescribed in the Rule, an earnings claim document containing information that constitutes a reasonable basis for any earnings claim it makes, 16 C.F.R. § 436.1(b)(3) and(c)(3); and
- (d) in immediate conjunction with any generally disseminated earnings claim, clearly and conspicuously disclose additional information including the number and percentage of prior purchasers known by the franchisor to have achieved the same or better results, 16 C.F.R. § 436.1(e).

36. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), and 16 C.F.R. § 436.1, violations of the Franchise Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FRANCHISE RULE

COUNT FOUR

Basic Disclosure Violations

37. In numerous instances, in connection with the offering and promotion of franchises, as "franchise" is defined in the Franchise Rule, 16 C.F.R. § 436.2(a), Defendants have failed to provide to prospective franchisees accurate and complete disclosure documents, thereby violating Section 436.1(a) of the Rule, 16 C.F.R. § 436.1(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FIVE

Earnings Disclosure Violations

38. In numerous instances, in connection with the offering and promotion of franchises, as "franchise" is defined in the Franchise Rule, 16 C.F.R. § 436.2(a), Defendants have made earnings claims within the meaning of the Franchise Rule, 16 C.F.R. §§ 436.1(b)-(c), but have failed to (1) have a reasonable basis for such claims at the times they were made; (2) provide material which constitutes a reasonable basis for any earnings claim made to prospective purchasers; and/or (3) provide prospective franchisees with earnings claim disclosures at the times required by the Rule, thereby violating Sections 436.1(b)-(c) of the Rule, 16 C.F.R. §§

436.1(b)-(c), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT SIX

Advertising Disclosure Violations

39. In numerous instances, in connection with the offering and promotion of franchises, as "franchise" is defined in Section 436.2(a) of the Franchise Rule, Defendants have made generally disseminated earnings claims without disclosing, clearly and conspicuously, in immediate conjunction with the claims, information required by the Franchise Rule, including the number and percentage of prior purchasers known by Defendants to have achieved the same or better results, thereby violating Sections 436.1(e) of the Rule, 16 C.F.R. §§ 436.1(e), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

40. Consumers in many areas of the United States have suffered, and continue to suffer, substantial monetary loss as a result of Defendants' unlawful acts or practices. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public.

THIS COURT'S POWER TO GRANT RELIEF

41. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including redress, disgorgement, and restitution, to prevent and remedy any violations of any provision of law enforced by the FTC.
42. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the Franchise Rule, including the rescission and reformation of contracts and the refund of money.
43. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to remedy injury caused by Defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57(b), and pursuant to its own equitable powers:

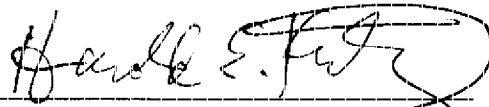
1. Award Plaintiff such preliminary injunctive and ancillary relief, including a temporary restraining order and asset freeze, as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief;

2. Permanently enjoin Defendants from violating the FTC Act and the Franchise Rule, as alleged herein;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the Franchise Rule, including but not limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten monies;
4. Disgorge the assets and funds held by Relief Defendant; and
5. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

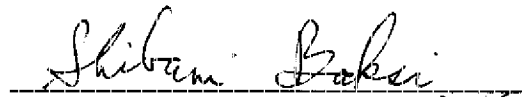
Dated: December 4, 2006

Respectfully submitted,

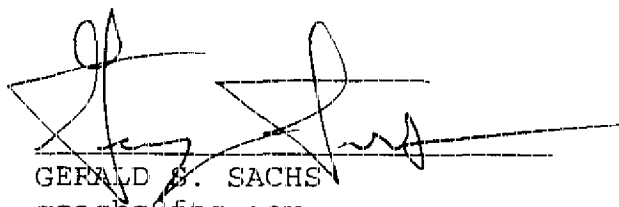
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A handwritten signature in black ink, appearing to be 'G. Sachs', is written over a horizontal line. The signature is stylized and somewhat cursive.

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