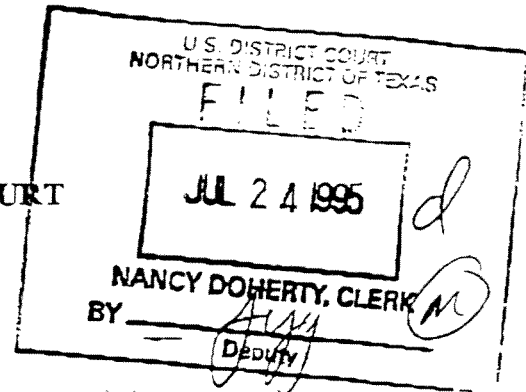


IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



X950068

UNITED STATES OF AMERICA,

Plaintiff,

v.

JANI-KING INTERNATIONAL, INC.,
a corporation,

Defendant.

Civ. No.

395 - CV 1492 - G

ENTERED ON DOCKET
7-26-95 PURSUANT
TO F. R. C. P. RULES
58 AND 79a

STIPULATED FINAL JUDGMENT AND
ORDER FOR PERMANENT INJUNCTION

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission, ("FTC" or the "Commission"), has commenced this action by filing the Complaint herein. Defendant Jani-King International, Inc., ("defendant"), has waived service of the summons and the complaint. The parties to this action have been represented by the attorneys whose names appear hereafter; and the parties have agreed to settlement of this action without adjudication of any issue of fact or law and without the defendant admitting liability for any of the offenses charged in the Complaint;

THEREFORE, on the joint motion of the parties it is hereby ORDERED,
ADJUDGED AND DECREED as follows:

1. This Court has jurisdiction of the subject matter and of the parties.

2. The Complaint states a claim upon which relief may be granted against the defendant, under Sections 5(a), 5(m)(1)(A), 9, 13(b), and 16(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 49, 53(b), and 56(a).

3. Entry of this Order is in the public interest.

4. The defendant enters into this Order freely and without coercion and it acknowledges that it has read the provisions of this Order and that it is prepared to abide by it.

5. All parties hereby waive all rights to appeal or otherwise challenge or contest the validity of this Order.

6. This Order does not constitute and shall not be interpreted to constitute an admission by the defendant or a finding by the Court that defendant has engaged in violations of the FTC Act, the Commission's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions concerning Franchising and Business Opportunity Ventures ("the Franchise Rule" or "the Rule"), 16 C.F.R. Part 436, that the law has been violated as alleged in the Complaint, or that the facts as alleged in the Complaint, other than the jurisdictional facts, are true.

DEFINITIONS

For the purpose of this Order, the following definitions shall apply:

1. "Franchise" is defined in Section 436.2(a) of the Franchise Rule, 16 C.F.R. § 436.2(a). The term "franchise" in this Order shall also encompass any successor definition in any later trade regulation rule promulgated by the Commission.

2. "UFOC format" is defined as the Uniform Franchise Offering Circular format which has been adopted by the North American Securities Administrators' Association and accepted by the Commission for use in lieu of the Rule's disclosure format.

3. "Franchise broker" is defined in Section 436.2(j) of the Franchise Rule, 16 C.F.R. § 436.2(j). The term "franchise broker" in this Order shall also encompass any other entity through which the franchisor sells franchises, including, but not limited to, subfranchisors, master franchisees, or regional franchisees.

ORDER

I.

IT IS ORDERED, ADJUDGED AND DECREED that the defendant, its successors, assigns, officers, agents, servants, franchise brokers, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, whether acting directly or through any business entity, corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, licensing, contracting, sale or other promotion, in or affecting commerce, of a franchise, be and are hereby permanently restrained and enjoined from violating, or assisting others to violate any provisions of the Rule as promulgated or as it may hereinafter be amended, including, but not limited to:

1. failing to provide a complete and accurate disclosure document containing the information required under Sections 436.1(a)(1)-(24) of the Rule, in the manner and within the time frame stated in the Rule;

2. failing to provide any prospective franchisee, in the manner and within the time frame stated in the Rule, with an earnings claim document or other disclosures described in Sections 436.1(b)-(e) of the Rule;

provided, however, that defendant may choose to comply with the disclosure requirements of the Rule by fully and completely complying with the disclosure requirements set forth in the UFOC format. If the defendant chooses to comply with the Rule by using the UFOC format, defendant is hereby permanently enjoined from failing to comply with any provision of the UFOC. Provided further that the injunctive relief provided in this paragraph I. as to officers, agents, servants, franchise brokers, and those persons in active concert or participation with defendant applies to any such person only while acting as an officer, agent, servant, or franchise broker of the defendant or its successors and assigns, or otherwise in active concert or participation with defendant or its successors and assigns. In the event the Rule is hereafter amended or modified, or the UFOC is amended or modified and such UFOC amendment or modification is accepted by the Commission for use in lieu of the Rule's disclosure format, defendant's compliance with the Rule as so amended or modified, or the UFOC as amended or modified and accepted by the Commission, shall not be deemed a violation of this injunction.

II.

IT IS FURTHER ORDERED that the defendant shall pay to the plaintiff, pursuant to Section 5(m)(1)(A) of the Federal Trade Commission Act, 15 U.S.C. § 45(m)(1)(A), a civil penalty in the amount of One Hundred Thousand Dollars (\$100,000.00), due and payable on or before tenth (10th) day following the date of entry of this Order. The money is to be

deposited by the Commission into the United States Treasury. The payment shall be made by certified check payable to the Treasurer of the United States and delivered to Associate Director, Division of Marketing Practices, Federal Trade Commission, Room H-238, 6th and Pennsylvania Avenue, N.W., Washington, DC 20580, for appropriate disposition. In the event that defendant should default on payment, which default continues for ten (10) days beyond the due date of payment, the entire unpaid penalty, together with interest as computed pursuant to 28 U.S.C. § 1961, from the date of default to the date of payment, shall immediately become due and payable.

III.

IT IS FURTHER ORDERED that for five (5) years after the date of entry of this order, the defendant, its successors and assigns, shall notify the Commission at least thirty (30) days prior to any proposed change in the defendant, including, but not limited to, dissolution, assignment, or sale resulting in the emergence of a successor corporation, or any other change in the corporation which may affect any compliance obligation arising out of this order. The notice shall be sent to the following: Associate Director, Division of Marketing Practices, Federal Trade Commission, Room H238, 6th St. and Pennsylvania Avenue, N.W., Washington, DC 20580.

IV.

IT IS FURTHER ORDERED that for the purposes of determining or securing compliance with this order, and subject to any legally recognized privilege, the defendant, for five (5) years after the date of the entry of this order, shall, upon reasonable written notice, make available

to representatives of the Commission business records evidencing compliance with the terms of this Stipulated Final Judgment.

V.

IT IS FURTHER ORDERED that the defendant shall, within thirty (30) days of the entry of this Order, provide a copy of this Order to each corporate officer, employee and franchise broker engaged in the marketing or sale of franchises, and shall, within ten (10) days of complying with this paragraph, file with the Court and serve upon plaintiff, an affidavit setting forth the fact and manner of its compliance, including the name and title of each person to whom a copy of this Order has been provided.

VI.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purpose of enabling the parties to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the interpretation, modification or enforcement of this order, or for the punishment of violations thereof.

VII.

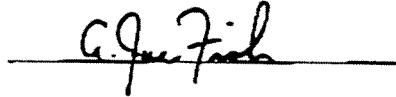
This action, and the relief awarded herein, is in addition to and not in lieu of other remedies as may be provided by law, including both civil and criminal remedies.

VIII.

The parties hereby stipulate and agree to entry of the foregoing Stipulated Final Judgment and Order for Permanent Injunction which shall constitute a final judgment and order in this

matter. The parties further stipulate and agree that the entry of the foregoing Stipulated Final Judgment and Order for Permanent Injunction shall constitute a full, complete and final settlement of this action.

SIGNED this 24 day of July, 1995.



UNITED STATES DISTRICT JUDGE

The parties, by their respective counsel, hereby consent to the terms and conditions of the Stipulated Final Judgment and Order for Permanent Injunction as set forth above and consent to the entry thereof. Defendant waives any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412.

FOR THE UNITED STATES OF AMERICA:

FRANK W. HUNGER
Assistant Attorney General
Civil Division
U.S. Department of Justice

PAUL E. COGGINS
United States Attorney
Northern District of Texas

by:



KATHERINE SAVERS MCGOVERN

Assistant United States Attorney
Northern District of Texas
Texas Bar #13638020

EUGENE THIROLF
Director
Office of Consumer Litigation

E. A. Levitt

DAVID A. LEVITT
Attorney
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P.O. Box 386
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FOR THE FEDERAL TRADE COMMISSION:

EILEEN HARRINGTON
Associate Director

Lawrence H. Norton
LAWRENCE H. NORTON
Assistant Director

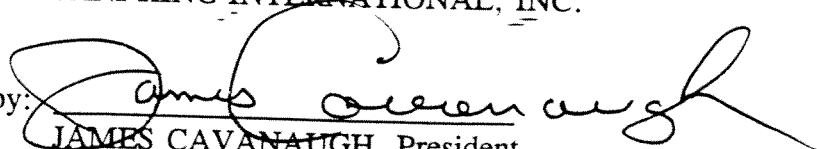
Betsy Broder
BETSY BRODER
Attorney

Division of Marketing Practices
Bureau of Consumer Protection
Federal Trade Commission
Washington, DC 20580
(202) 326-2968

FOR THE DEFENDANT:

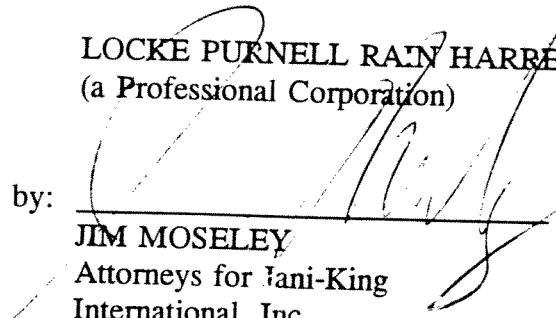
JANI-KING INTERNATIONAL, INC.

by:


JAMES CAVANAUGH, President

LOCKE PURNELL RAIN HARRELL
(a Professional Corporation)

by:


JIM MOSELEY
Attorneys for Jani-King
International, Inc.

SECRETARY'S CERTIFICATE OF RESOLUTION

OF

JANI-KING INTERNATIONAL, INC.

I, Karen Hunter, Assistant Secretary of Jani-King International, Inc., a Texas corporation, do hereby certify that the following resolution was unanimously adopted by the Board of Directors of said corporation at a meeting duly held on April 13, 1995, at which meeting a quorum was present and acting throughout.

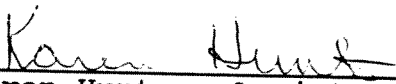
RESOLVED, that the Chairman of the corporation be authorized to enter into a settlement with the FTC regarding the inquiry for violation of the Earnings Claim provision of the Franchise Rule, and is further authorized to execute any and all documents, including the proposed Consent Decree attached hereto, necessary to conclude this matter.

FURTHER RESOLVED, that the corporation make payment of funds to the Treasury of the United States as a civil penalty in the amount of \$100,000.00 within ten (10) days after entry of the Consent Decree by the Court.

I further certify that the foregoing resolution has not been amended or rescinded and that the same is presently in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation on April 13, 1995.

[SEAL]



Karen Hunter, Assistant Secretary

SECRETARY'S CERTIFICATE: APRIL 13, 1995
JANI-KING INTERNATIONAL, INC.

REASONS FOR SETTLEMENT
BY ENTRY OF CONSENT DECREE

This statement accompanies the Consent Decree executed by the defendant Jani-King International, Inc., in settlement of an action brought to recover civil penalties and injunctive relief from defendant for engaging in acts or practices allegedly in violation of the Commission's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" ("Franchise Rule"), 16 C.F.R. Part 436.

Pursuant to Section 5(m)(3) of the Federal Trade Commission Act, 15 U.S.C. § 45(m)(3), the Commission hereby sets forth its reasons for settlement by entry of a Consent Decree:

On the basis of the allegations contained in the attached Complaint, the Commission believes that the payment of \$100,000 in civil penalties constitutes an appropriate amount upon which to base a settlement. The amount should assure compliance with the law by the defendant and others who may be in violation of the Franchise Rule. The permanent injunction from engaging in the acts or practices that are prohibited by Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a), and the Franchise Rule, 16 C.F.R. Part 436, that is included in the Consent Decree also constitutes an effective means of assurance of future compliance with the law by defendant. Further, with the entry of such Consent Decree, the time and expense of litigation will be avoided.

For the foregoing reasons, the Commission believes that the settlement by entry of the attached Consent Decree with the defendant is justified and consistent with the public interest.