

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ROUTE WIZARD, Inc., et. al.,

Defendants.

Civil Action No.: 06-0815-KD-B

**PROPOSED STIPULATED FINAL JUDGMENT AND ORDER  
FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF  
AS TO DEFENDANT RICHARD M. NORCROSS AND RELIEF DEFENDANT  
SUMMER L. NORCROSS**

This matter comes before this Court on the stipulation of Plaintiff Federal Trade Commission ("FTC" or "Commission") and Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross. On November 28, 2006, the Federal Trade Commission ("FTC" or "Commission") filed a Complaint against Defendants Route Wizard, Inc., Liberty Routes, Inc., Ready Routes, Inc., RouteCrafters, Inc., Ca\$h Route\$, Inc., NovaStar Vending, Inc., Alliance Locating Co., Inc., Harvey Frank Milner, Richard M. Norcross, and Richard D. Norcross and Relief Defendants Sasikant L. Norcross, Summer L. Norcross, and Janice Wood-Milner, alleging violations of Section 5 of the FTC Act and the FTC's Trade Regulation Rule titled, "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" (the "Franchise Rule"), 16 C.F.R. Part 436, in connection with the marketing of candy vending machine business ventures. The Commission's Complaint seeks a permanent injunction and other equitable relief in this matter, pursuant to section 13(b) of the

Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b). At the same time the Commission sought, and on November 30, 2006, this Court granted *ex parte*, with modifications, the Commission's motion for a temporary restraining order and for an order to show cause why a preliminary injunction should not be granted pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 65. (Doc. 70).

On December 19, 2006, counsel for Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross advised this Court that his clients did not oppose the entry of a Preliminary Injunction Order against them. On December 28, 2006, this Court entered the Preliminary Injunction Order against Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross in the form of the Proposed Amended Preliminary Injunction Order With Asset Freeze and Other Equitable Relief submitted by the FTC. (Doc. 92).

Having considered the Complaint, memorandum of law and exhibits filed by the Commission, and with the consent of Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross, it is hereby **ORDERED, ADJUDGED and DECREED**:

#### FINDINGS

1. This Court has jurisdiction over the subject matter of this case and the parties hereto.
2. Venue is proper as to Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross in the Southern District of Alabama under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b).
3. The activities of Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

4. The Complaint alleges claims upon which relief may be granted against Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross under Sections 5(a)(1), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a)(1), 53(b), and 57b, and under the Franchise Rule.
5. The Federal Trade Commission and Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross stipulate and agree to this Final Order to settle and resolve all matters in dispute between them arising from the Complaint to the date of entry of this Final Order.
6. Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross have waived all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, *amended by* Pub. L. 104-121, 110 Stat. 847, 863-64 (1996).
7. Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross acknowledge that they have read the provisions of this Final Order and have agreed to abide by them.
8. Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross waive all rights to seek appellate review or otherwise challenge or contest the validity of this Final Order.
9. Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross waive and release any claim they may have against the FTC and its employees, representatives or agents.
10. Entry of this Final Order is in the public interest.

**DEFINITIONS**

1. "Assets" means any legal or equitable interest in, right to, or claim to, any real and personal property, including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, inventory, checks, notes, leaseholds, effects, contracts, mail or other deliveries, shares of stock, interest in mutual funds, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located, whether in the United States or abroad;
2. "Business venture" means any written or oral business arrangement, however denominated, regardless of whether covered by the Franchise Rule or Business Opportunity Rule, which consists of the payment of any consideration for:
  - a. the right or means to offer, sell, or distribute goods or services (regardless of whether identified by a trademark, service mark, trade name, advertising, or other commercial symbol); and
  - b. more than nominal assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business;
3. "Document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or nonidentical copy is a separate document within the meaning of the term; and

4. "Franchise Rule or Business Opportunity Rule" means:
  - A. The FTC Trade Regulation Rule codified at 16 C.F.R. Part 436, until the effective date of the amendments to the FTC Trade Regulation Rule titled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," approved by the Commission on January 22, 2007;
  - B. After the effective date of the amendments to the FTC Trade Regulation Rule titled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," approved by the Commission on January 22, 2007:
    1. The FTC Trade Regulation Rule titled "Disclosure Requirements Concerning Franchising," to be codified at 16 C.F.R. Part 436, or as it may be amended; and
    2. The FTC Trade Regulation Rule titled "Disclosure Requirements concerning Business Opportunities," to be codified at 16 C.F.R. Part 437, or as it may be amended.

**ORDER**

**I. PROHIBITION AGAINST VIOLATION OF SECTION 5**

**IT IS THEREFORE ORDERED** that, in connection with the offering for sale or selling of any business venture, Defendant Richard M. Norcross and his agents, employees, officers, corporations, successors, assigns, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, are hereby restrained and

enjoined from making any material misrepresentation or assisting others in making any material misrepresentation, either expressly or by implication, to any prospective purchaser of a business venture, including, but not limited to, misrepresentations that:

- A. Consumers who purchase a business venture are likely to earn substantial income;
- B. Locations have been secured or will be secured in prospective purchasers' geographic areas for the placement of vending machines associated with any business venture;  
and
- C. References have purchased a business venture or will provide reliable descriptions of experiences with the business venture.

## **II. PROHIBITION AGAINST VIOLATION OF THE FRANCHISE RULE OR BUSINESS OPPORTUNITY RULE**

**IT IS FURTHER ORDERED** that Defendant Richard M. Norcross and his agents, employees, officers, corporations, successors, assigns, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, are hereby restrained and enjoined from violating or assisting others to violate any provisions of the Franchise Rule or Business Opportunity Rule by, including, but not limited to:

- A. Failing to provide each prospective purchaser with a complete and accurate disclosure document as prescribed by the Franchise Rule or Business Opportunity Rule;
- B. Failing to have a reasonable basis for any earnings claim or financial performance representation at the time such claim or representation is made, as required by the Franchise Rule or Business Opportunity Rule;

C. Failing to provide prospective purchasers with required disclosures for any earnings claim or financial performance representations, as required by the Franchise Rule or Business Opportunity Rule;

D. Failing to disclose, in immediate conjunction with any earnings claim or financial performance representation, and in a clear and conspicuous manner, that material which constitutes a reasonable basis for the earnings claim or financial performance representation is available to prospective franchisees, as required by the Franchise Rule or Business Opportunity Rule;

E. Failing to provide material which constitutes a reasonable basis for any earnings claim or financial performance representation to prospective purchasers, the Commission, or its staff upon reasonable demand, as required by the Franchise Rule or Business Opportunity Rule; and

F. Failing to disclose, in immediate conjunction with any generally disseminated ("advertised") earnings claim or financial performance representation, information required by the Franchise Rule or Business Opportunity Rule, including the number and percentage of prior purchasers known by the franchisor or business opportunity seller to have achieved the same or better results, as required by the Franchise Rule or Business Opportunity Rule.

### III. MONETARY JUDGMENT

**IT IS FURTHER ORDERED** that:

A. Judgment is hereby entered against Defendant Richard M. Norcross individually in the amount of \$3,382,070.61;

B. Judgment is further entered against Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross, jointly and severally, in the amount of \$22,687; and

C. Upon the payment of \$30,000 to the Commission by Defendant Richard M. Norcross and/or Relief Defendant Summer L. Norcross, pursuant to Paragraph IV of this Order, the judgment against Relief Defendant Summer L. Norcross shall be fully satisfied, and the remainder of the judgment against Defendant Richard M. Norcross shall be suspended, subject to the conditions set forth in Paragraph V of this Order.

#### IV. PAYMENT OF JUDGMENT

**IT IS FURTHER ORDERED** that:

A. Within five (5) days of entry of this judgment, Defendant Richard M. Norcross and/or Relief Defendant Summer L. Norcross shall pay \$30,000 by wire transfer or certified or cashier's check made payable to the Treasurer of the United States. The check or written confirmation of the wire transfer shall be delivered to: Associate Director, Division of Marketing Practices, 600 Pennsylvania Avenue, N.W., Room 286, Washington, D.C. 20580. Time is of the essence for payment; and

B. In accordance with 31 U.S.C. § 7701, Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross are hereby required, unless they have done so already, to furnish to the Commission their respective taxpayer identifying numbers (social security numbers and employer identification numbers) which shall be used for purposes of collecting and reporting on any delinquent amount arising out of Defendant Richard M. Norcross' and Relief Defendant Summer L. Norcross' relationship with the government.



## V. TERMINATION OF SUSPENSION OF JUDGMENT

IT IS FURTHER ORDERED that:

A. The Commission's agreement to, and the Court's approval of, this Final Order is expressly premised upon the truthfulness, accuracy, and completeness of Defendant Richard M. Norcross' and Relief Defendant Summer L. Norcross' financial condition, as represented in their sworn financial statements dated December 11, 2006, and provided to the Commission, which include material information upon which the Commission relied in negotiating and consenting to this Final Order. By agreeing to this Final Order, Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross reaffirm and attest to the truthfulness, accuracy, and completeness of their sworn financial statements dated December 11, 2006;

B. If, upon motion by the Commission, this Court should find that Defendant Richard M. Norcross failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation or omission concerning his financial condition on his sworn financial statement, then the suspension of the monetary judgment shall be terminated and this Court shall enter a modified judgment holding Defendant Richard M. Norcross liable to the Commission in the amount of \$3,382,070.61 (less any amounts paid by other Defendants in this matter), which Defendant Richard M. Norcross and the Commission stipulate is the amount of money received by Defendants that was unlawfully derived from consumers as a consequence of the deceptive acts and practices of Defendants. The modified judgment shall become immediately due and payable by Defendant Richard M. Norcross, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance;

C. Defendant Richard M. Norcross agrees that the facts as alleged in the Complaint filed in this action shall be taken as true in any subsequent litigation filed by the Commission to enforce its rights pursuant to this Order, including, but not limited to, a nondischargeability complaint filed in any bankruptcy proceeding; and

D. Any proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings that the FTC may initiate to enforce this Order.

#### **VI. FUNDS PAID PURSUANT TO THE MONETARY JUDGMENT**

**IT IS FURTHER ORDERED** that all funds paid pursuant to this Final Order shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including, but not limited to, consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited into the United States Treasury as disgorgement.

Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross shall have no right to challenge the Commission's choice of remedies under this Paragraph.

#### **VII. LIFTING OF THE ASSET FREEZE**

**IT IS FURTHER ORDERED** that, the asset freeze against Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross shall be lifted upon entry of this Stipulated Final Judgment and payment of \$30,000 to the Commission.

### **VIII. COOPERATION AGREEMENT**

**IT IS FURTHER ORDERED** that Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the FTC's Complaint, cooperate in good faith with the FTC and appear at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross shall appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without the service of a subpoena.

### **IX. COMPLIANCE MONITORING**

**IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order:

A. Within ten (10) days of receipt of written notice from a representative of the Commission, Defendant Richard M. Norcross shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in Defendant Richard M. Norcross' possession or direct or indirect control to inspect the business operation;

B. In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the following:

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45; and

2. posing as consumers and suppliers to Defendant Richard M. Norcross' employees, or any entity managed or controlled in whole or in part by Defendant Richard M. Norcross, without the necessity of identification or prior notice; and

C. Defendant Richard M. Norcross shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order.

The person interviewed may have counsel present.

*Provided, however,* that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce, within the meaning of 15 U.S.C.

§ 45(a)(1).

#### **X. COMPLIANCE REPORTING**

**IT IS FURTHER ORDERED** that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of five (5) years from the date of entry of this final Order,
1. Defendant Richard M. Norcross shall notify the Commission of the following:
- (a) Any changes in residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;

- (b) Any changes in employment status (including self-employment), and any change in his ownership of any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that he is affiliated with, employed by, creates or forms, or performs services for; a statement of the nature of the business; and a statement of his duties and responsibilities in connection with the business or employment; and
- (c) Any changes in Defendant Richard M. Norcross' name or use of any aliases or fictitious names; and

2. Defendant Richard M. Norcross shall notify the Commission of any changes in corporate structure of any business entity that he directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including, but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any proposed change in the corporation about which Defendant Richard M. Norcross learns less than thirty (30) days prior to the date such action is to take place, he shall notify the Commission as soon as is practicable after obtaining such knowledge;

B. One hundred eighty (180) days after the date of entry of this Order, Defendant Richard M. Norcross shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which he has complied and is complying with this Order. This report shall include, but not be limited to:

1. The then-current residence address, mailing addresses, and telephone numbers of Defendant Richard M. Norcross;

2. The then-current employment and business addresses and telephone numbers of Defendant Richard M. Norcross, a description of the business activities of each such employer or business, and the title and responsibilities of Defendant Richard M. Norcross, for each such employer or business;

3. Any other changes required to be reported under subparagraph A of this Section; and

4. A copy of each acknowledgment of receipt of this Order, obtained pursuant to Paragraph XIII by Defendant Richard M. Norcross;

C. For the purposes of this Order, Defendant Richard M. Norcross shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Associate Director for Enforcement  
Federal Trade Commission  
601 New Jersey Avenue, N.W.  
Washington, D.C. 20580

Re: FTC v. Route Wizard, Inc. et. al., Civil Action No. 06-0815; and

D. For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with Defendant Richard M. Norcross.

## XI. RECORD KEEPING PROVISIONS

**IT IS FURTHER ORDERED** that for the period of eight (8) years from the date of entry of this Order, Defendant Richard M. Norcross and his agents, employees, officers, corporations, successors, and assigns, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, are hereby restrained and enjoined from failing to create and retain the following records in connection with the offering sale or marketing of business ventures:

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly or through any third party) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this

Order, required by Paragraph XIII of this Order, and all reports submitted to the FTC pursuant to Paragraph X of this Order.

## **XII. DISTRIBUTION OF ORDER**

**IT IS FURTHER ORDERED** that for a period of five (5) years from the date of entry of this Order, Defendant Richard M. Norcross shall deliver copies of the Order as directed below:

A. For any business that Defendant Richard M. Norcross controls, directly or indirectly, or in which he has a majority ownership interest, Defendant Richard M. Norcross must deliver a copy of this Order to all principals, officers, directors, and managers of that business. Defendant Richard M. Norcross must also deliver copies of this Order to all employees, agents, and representatives of that business who engage in conduct related to the subject matter of the Order. For current personnel, delivery shall be within five (5) days of service of this Order upon Defendant Richard M. Norcross. For new personnel, delivery shall occur prior to them assuming their responsibilities;

B. For any business where Defendant Richard M. Norcross is not a controlling person of a business but otherwise engages in conduct related to the subject matter of this Order, Defendant Richard M. Norcross must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct; and

C. Defendant Richard M. Norcross must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Part.




**XIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

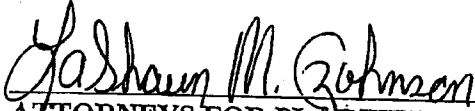
IT IS FURTHER ORDERED that, within five (5) business days of receipt of this Order as entered by this Court, Defendant Richard M. Norcross and Relief Defendant Summer L. Norcross must submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

**XIV. RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.


DONE AND ORDERED, \_\_\_\_\_, this 18<sup>th</sup> day of May  
2007.

  
**KRISTI K. DuBOSE**  
**UNITED STATES DISTRICT JUDGE**

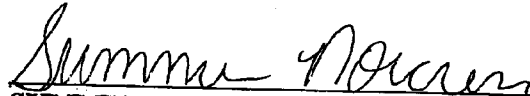
  
ATTORNEYS FOR PLAINTIFF  
FEDERAL TRADE COMMISSION

Date: 4/23/07

LaShawn M. Johnson  
Russell Deitch  
Federal Trade Commission  
600 Pennsylvania Ave, NW  
Washington, D.C. 20580  
202-326-3057/2585 (phone)  
202-326-3395 (fax)

  
RICHARD M. NORCROSS

Date: 3-6-07

  
SUMMER L. NORCROSS

Date: 3-6-07