

FILED APR 16 2003

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

CIVIL ACTION

No. 02-3720

MORRONE'S WATER ICE, INC.,
a Pennsylvania corporation;
FRANCHISE CONSULTANTS CORPORATION,
a Pennsylvania corporation, d/b/a
FRANCHISE CONSULTANTS GROUP;
ICE AMERICA CORPORATION,
a Pennsylvania corporation;
WATER ICE SYSTEMS, INC.,
a Pennsylvania corporation;
JMS SALES, INC.,
a Pennsylvania corporation;
STEPHEN D. ALEARDI, a/k/a STEVE ALEARDI,
individually and as an officer of
FRANCHISE CONSULTANTS CORPORATION,
ICE AMERICA CORPORATION,
WATER ICE SYSTEMS, INC., and
JMS SALES, INC.; and
JOHN J. MORRONE, III, individually and as
an officer of ICE AMERICA CORPORATION,
WATER ICE SYSTEMS, INC.,
and JMS SALES, INC.,

Defendants.

RECEIVED

APR 14 2003

**STIPULATED JUDGMENT AND
ORDER FOR PERMANENT INJUNCTION**

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), commenced this action by filing its Complaint for permanent injunction and other relief pursuant to Sections 5, 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45, 53(b), 57b,

ENTERED: _____

APR 16 2003

CLERK OF COURT

charging that the Defendants engaged in unfair or deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and the FTC'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, in connection with the sale of franchises and business ventures. The Commission and the Defendants, as hereinafter defined, hereby stipulate to the entry of this Stipulated Judgment and Order for Permanent Injunction ("Order") to resolve all matters of dispute between them in this action without adjudication of any issue of law or fact. Defendants do not admit liability for any of the violations alleged in the Complaint, but are settling this action in order to avoid the risk, delay and expense of litigation.

THEREFORE, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter and the parties pursuant to 28 U.S.C. §§ 1331 and 1337(a), and 15 U.S.C. §§ 53(b). Venue is proper as to all parties in the Eastern District of Pennsylvania.
2. The activities of the Defendants were and are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. The Complaint states a claim upon which relief may be granted to the FTC under Sections 5(a)(1), 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b), 57b.
4. Defendants have entered into this Order freely and without coercion. Defendants further acknowledge that they have read and understand the provisions of this Order, and are prepared to abide by them.

5. Plaintiff and Defendants, by and through their counsel, have agreed that the entry of this Order resolves all matters of dispute between them arising from the Complaint in this action, up to the date of entry of this Order.

6. Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order. Defendants further waive and release any claim that may have for attorneys' fees as a prevailing party under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and any claim they may have against the Commission, its employees, representatives, or agents.

7. Entry of this Order in settlement of this action is in the public interest.

DEFINITIONS

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

8. "Asset" means any legal or equitable interest in, or right or claim to, any real and personal property, including without limitation, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, and all cash, wherever located.

9. "Business Venture" means any written or oral business arrangement, however denominated, whether as a franchise, license or otherwise, and regardless of whether it is covered by the Franchise Rule, which involves the payment of any consideration for:

- a. The right or means to offer, sell, or distribute goods or services (regardless of whether they are 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.

10. "Corporate Defendants" means Morrone's Water Ice, Inc., Franchise Consultants Corporation, d/b/a Franchise Consultants Group; Ice America Corporation, Water Ice Systems, Inc., JMS Sales, Inc., and their successors, assigns, affiliates and subsidiaries.

11. "Individual Defendants" means Stephen D. Aleardi, a/k/a Steve Aleardi, and John J. Morrone, III.

12. "Defendants" means the Corporate Defendants and the Individual Defendants.

13. "Initial Fee" means all payments made by a consumer to any Defendant or Representative of a Defendant in connection with the purchase of a business venture, prior to its opening to make sales to the public.

14. "Person" means a natural person, organization or other legal entity, including a corporation, partnership, proprietorship, association, or cooperative, or any other group or combination acting as an entity.

15. "Representatives" means the Defendants' successors, assigns, officers, agents, servants, employees and attorneys, as well as those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise.

ORDER

I. PERMANENT BAN

IT IS THEREFORE ORDERED that Defendants Stephen D. Aleardi, Franchise Consultants Corp., d/b/a Franchise Consultants Group, are hereby permanently restrained and enjoined from:

A. Advertising, marketing, promoting, offering for sale, or selling any business venture, whether directly, indirectly, in concert with others, or through any intermediary, business entity, or other device; and

B. Receiving any remuneration of any kind whatsoever from holding any ownership interest, share, or stock in, or serving as an officer, director, trustee, general manager of, or consultant or advisor to, any business entity engaged in the advertising, marketing, promotion, offering for sale, or sale of any business venture.

II. ESCROW OF INITIAL FEES

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants John J. Morrone, III, Morrone's Water Ice, Inc., Ice America Corporation, Water Ice Systems, Inc., JMS Sales, Inc., their Representatives, affiliates and subsidiaries, and any business entity that any of them directly or indirectly manages, controls or has an ownership interest in, shall place in an escrow account administered by a bank or other independent third party any Initial Fee received from a business venture purchaser. The escrow of the Initial Fee shall not terminate until one (1) year after the date the purchaser's business venture opens for sales to the public, whereupon the Initial Fee shall be released by the escrow agent to the person or entity that established the escrow, unless the business venture purchaser has notified the escrow agent that it has filed a claim in state or federal court, or a demand for arbitration, alleging misrepresentation, fraud, or breach of contract for failure of the seller to perform contractual obligations due prior to the opening, and through any grand opening, of the business venture for sales to the public. In that event, the escrow agent shall maintain the funds in the escrow account

pending a final ruling by the court or arbitrator, and disburse the funds only as directed by the court or arbitrator.

III. VIOLATIONS OF SECTION 5 OF THE FTC ACT PROHIBITED

IT IS FURTHER ORDERED that, in connection with the advertising, promotion, offering for sale or sale of any business venture, Defendants and their Representatives are hereby permanently 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, false or misleading representations that:

A. Consumers who purchase Defendants' business ventures have earned, will earn, or are likely to earn substantial gross or net sales, revenues, income or profits, or have earned, will earn, or are likely to earn any specific level or amount of gross or net sales, revenues, income or profits; and

B. The performance of Defendants' company-owned outlets is indicative of how business ventures sold by Defendants are likely to perform.

IV. VIOLATIONS OF THE FRANCHISE RULE PROHIBITED

IT IS FURTHER ORDERED that Defendants and their Representatives are hereby permanently restrained and enjoined from violating or assisting others to violate any provision of the Franchise Rule, 16 C.F.R. Part 436, as it now exists and as it may hereafter be amended, including but not limited to:

A. Failing to provide a prospective purchaser with a complete and accurate disclosure document as required by the Franchise Rule, 16 C.F.R. § 436.1(a);

- B. Failing to provide a prospective purchaser with an earnings claim document as required by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);
- C. Failing to have a reasonable basis for any earnings claim at the time such claim is made, as required by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);
- D. Failing to disclose, in immediate conjunction with any earnings claim, and in a clear and conspicuous manner, that material which constitutes a reasonable basis for the earnings claim is available to the prospective purchasers;
- E. Failing to provide material which constitutes a reasonable basis for any earnings claim to prospective purchasers, the Commission, or its staff upon reasonable demand;
- F. Making any claim or representation to prospective purchasers that is contradictory to the information required to be disclosed by Section 436.1 of the Rule;

Provided, however, that if the Rule is amended or modified, Defendants' compliance with the Rule as so amended or modified shall not be deemed a violation of this Paragraph.

V. MONETARY JUDGMENT

IT IS FURTHER ORDERED that judgment in the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) is hereby entered against the Defendants, jointly and severally, in settlement of this action, which shall be paid as follows:

- A. Prior to or concurrently with his execution of this Order, Defendants shall turn over the full amount of the monetary judgment to their attorneys, who shall hold the entire sum in escrow. Defendants' attorneys shall, within fifteen (15) days of the entry of this Order, transfer the escrowed payment to the Commission by certified check or other guaranteed funds payable to

and delivered to the Commission, or by wire transfer in accord with directions provided by the Commission.

B. All funds paid pursuant to this Paragraph 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 redress to purchasers is wholly or partially impracticable, or any 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 the Defendants' practices alleged in the complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to contest the Commission's choice of remedies under this Paragraph.

C. The Commission's agreement to this Order and the judgment amount set forth herein, is expressly premised upon the truthfulness, accuracy and completeness of the financial documents and information provided and attested to by defendants; namely, the Declaration of John J. Morrone, III, dated January 6, 2003, and the exhibits thereto; the Declaration of Stephen D. Aleari dated January 9, 2003, and the exhibits thereto; and the Declaration of Franchise Consultants Corporation dated January 13, 2003. These financial documents provide material information upon which the Commission relied in negotiating and agreeing to this Order. If, upon motion by the Commission, this Court finds that any Defendant made a material misrepresentation or omitted material information concerning their respective financial condition, the Court shall enter a modified judgment holding that any such defendant is liable to the Commission in the amount of SEVEN HUNDRED AND FIFTY TWO THOUSAND DOLLARS (\$752,000.00),

which the parties stipulate is the amount of the judgment to which the Commission is entitled in settlement of this action. The modified judgment, less any amounts paid to the Commission pursuant to Subsection A of this Paragraph, shall become immediately due and payable by any such defendant, with interest computed at the rate prescribed under 28 U.S.C. § 1969, as amended, due from the date of entry of this Order.

D. In accordance with 31 U.S.C. § 7701, each of the Defendants is hereby required, unless he has done so already, to furnish the FTC with his or its taxpayer identification number (Employer Identification Number or Social Security Number) which shall be used for purposes of collecting and reporting on any delinquent amount arising from the Defendants' monetary obligation to the government.

E. With respect to any subsequent or new litigation filed by the Commission to enforce its rights pursuant to this Order, Defendants agree not to contest the facts alleged in the Complaint filed in this action, including but not limited to a nondischargeability complaint in any bankruptcy proceeding.

F. Proceedings instituted under this Paragraph are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this Order.

VI. VOIDABLE PURCHASES

IT IS FURTHER ORDERED that all contracts for the purchase of a business venture entered into by Defendants with consumers at any time from July 1, 2001, through the date of entry of this Order, shall be voidable, at the option of the purchaser, for sixty (60) days from the date the purchaser receives notice of the entry of this Order from Plaintiff. Any purchaser who

elects to void his or her contract shall be eligible to receive redress from the funds provided by Paragraph IV of this Order.

VII. TRANSFER OF CUSTOMER LISTS

IT IS FURTHER ORDERED that the Defendants and their Representatives are hereby permanently restrained and enjoined from selling, renting, leasing, transferring or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to Defendants at any time prior to entry of this Order, in connection with the advertising, promotion, offering for sale or sale of any franchise or business venture, *provided, however,* that Defendants may disclose such identifying information to a law enforcement agency, or as required by any law, regulation or court order, or as may be necessary in connection with litigation or court proceedings.

VIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that within five (5) business days of receipt of this Order as entered by the Court, each of the Defendants shall submit to the Commission a truthful sworn statement, in the form shown on Appendix A, that shall acknowledge receipt of this Order.

IX. DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants shall:

A. Provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of this Order from, each officer and director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise,

within five (5) business days after receipt of this Order, and thereafter immediately upon employing any such person, for any business that Defendants, or any of them, directly or indirectly manage, control, or have a majority ownership interest in, that is engaged in the advertising, promotion, offering for sale or sale of business ventures, or assisting others engaged in these activities; and

B. Maintain for a period of three (3) years after creation, and upon reasonable notice make available to representatives of the Commission, the original signed and dated acknowledgments of receipt of copies of this Order, as required in Subsection A of this Paragraph.

X. COMPLIANCE REPORTING BY DEFENDANTS

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 after the date of entry of this Order, each of the Defendants shall notify the Commission in writing of the following:

1. Any change in the business or residence mailing addresses and telephone numbers of the Defendant, within ten (10) days of the date of such change;

2. Any change in the business or employment status (including self-employment) of the Defendant, within ten (10) days of such change. Such notice shall include the name and address of each business that the Defendant is affiliated with or employed by, a statement of the nature of the business, and a statement of the Defendant's duties, responsibilities or relationship with the business or employment;

3. Any proposed change in the structure of any business entity that is engaged in the advertising, promotion, offering for sale or sale of a business venture, or assisting

others engaged in these activities, and that the Defendant directly or indirectly manages, controls or has a majority ownership interest in, such as creation, incorporation, dissolution, assignment, sale, creation or dissolution of subsidiaries, or any other change that may affect compliance obligations arising out of this Order, thirty (30) days prior to the effective date of any such change; and

4. The name, address and telephone number of any purchaser of a business venture from the Defendant, and the name, address and telephone number of the escrow agent for the sale, within thirty (30) days of the date of the sale;

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

1. Each Defendant's then-current business or residence mailing addresses and telephone numbers;

2. The then-current names, addresses and telephone numbers of all business entities that are engaged in the advertising, promotion, offering for sale or sale of a business venture, or assisting others engaged in these activities, that each Defendant is affiliated with or employed by, the Defendant's title, if any, a description of the business activities of each such employer or business, of the Defendant's responsibilities in connection with each such employer or business, and of the nature of any other business relationship with each such employer or business;

3. A copy of each acknowledgment of receipt of this Order obtained by the Defendants pursuant to Paragraph VIII; and

4. A statement describing the manner in which the Defendants have complied and are complying with Paragraphs I through VII of this Order;

C. Upon written request by a representative of the Commission, Defendants shall submit additional written compliance reports (under oath, if requested) and produce documents on fifteen (15) days' notice with respect to any conduct that is subject to this Order;

D. For the purposes of this Order, Defendants shall, unless otherwise directed by a representative of the Commission, mail all written notifications to the FTC, and identify them as follows:

Associate Director, Division of Marketing Practices
Federal Trade Commission
600 Pennsylvania Ave. N.W - Rm. H-238
Washington, DC 20580

Re: FTC v. Morrone's Water Ice, Inc
Civil No. 02-3720 (E.D. Pa.)
FTC No. X020068

E. For the purposes of this Paragraph, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" include any individual or entity for which an Individual Defendant performs services as an employee, consultant, or independent contractor; and

F. For purposes of the compliance reporting required by this Paragraph, the Commission is authorized to communicate directly with Defendants.

XI. MONITORING COMPLIANCE OF SALES PERSONNEL

IT IS FURTHER ORDERED that, in connection with any business that Defendants, or any of them, directly or indirectly manage, control or have a majority ownership interest in, that is engaged in the advertising, promotion, offering for sale or sale of business ventures, or assisting others engaged in these activities, Defendants and their Representatives are hereby permanently restrained and enjoined from:

A. Failing to take reasonable steps sufficient to monitor and ensure that all employees and independent contractors engaged in sales or other customer service functions comply with this Order. Such steps shall include a program of regular, periodic monitoring of sales presentations or other calls with customers, and shall also include, at a minimum, the following:

1. Listening to the oral representations made by persons engaged in sales or other customer service functions;
2. Establishing a procedure for receiving and responding to consumer complaints; and
3. Ascertaining the number and nature of consumer complaints regarding transactions in which each employee or independent contractor is involved;

B. Failing promptly to investigate fully any consumer complaint received by any business to which this Paragraph applies; and

C. Failing to take corrective action with respect to any sales person whom the Defendants determine is not complying with this Order, which may include training, disciplining, and/or terminating such sales person;

Provided, however, that this Paragraph X does not authorize or require Defendants to take any action that violates any federal, state, or local law.

XII. RECORD-KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, in connection with any business that Defendants directly or indirectly manage, control or have a majority ownership interest in, that is engaged in the advertising, promotion, offering for sale or sale of business ventures, or assisting others engaged in these activities, Defendants and their Representatives are hereby restrained and enjoined from failing to create and maintain for a period of three (3) years following the date of their creation, unless otherwise specified:

- 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 and social security numbers 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, telephone 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. Complaint and refund requests (whether received directly, indirectly or through any third party) and any responses to those complaints or requests; and
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials.

XIII. ACCESS TO BUSINESS PREMISES

IT IS FURTHER ORDERED that for a period of five (5) years from the date of entry of this Order, for the purposes of determining or securing compliance with its provisions, the Defendants and their Representatives shall grant to representatives of the Commission, within five (5) business days of receipt of written notice from the Commission:

A. Access during normal business hours to any office or facility storing documents of any business that the Defendants, or any of them, directly or indirectly manage, control, or have a majority ownership interest in, that is engaged in the advertising, promotion, offering for sale or sale of business ventures, or assisting others engaged in such activities, *provided, however*, that Defendants shall have the option to produce copies of all documents stored in a home office to the Commission at the address provided in Paragraph IX.D. In providing such access, Defendants shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Order; and shall permit representatives of the Commission to remove such documents for a period not to exceed five (5) business days so that the documents may be inspected, inventoried, and copied; and

B. The opportunity to interview, without restraint or interference, officers, directors, employees, contractors, and agents, including all personnel involved in responding to consumer complaints or inquiries and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, of any business to which Subsection A of this Paragraph applies, regarding compliance with the provisions of this Order. Any person interviewed may have counsel present.

Provided, however, that upon application of the Commission for good cause shown, the Court may enter an *ex parte* order granting immediate access to the premises of any business that is engaged in the advertising, promotion, offering for sale or sale of a business venture, or assisting others engaged in these activities, that a Defendant directly or indirectly manages, controls or has a majority ownership interest in, for the purposes of inspecting and copying all documents relevant to any matter contained in this Order.

XIV. AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that the Commission is authorized to monitor Defendants' compliance with this Order by all lawful means, including but not limited to the following:

A. The Commission is authorized, without further leave of Court, to obtain discovery from any person (including Defendants) in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26-37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating Defendants' compliance with any provision of this Order.

B. The Commission is authorized to use representatives posing as consumers or suppliers to Defendants, Defendants' employees, or any other entity managed or controlled in whole or in part by Defendants, or any of them, without the necessity of identification or prior notice; and

C. 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 and 57b-1, to investigate whether the Defendants, or any of them, have violated any provision herein or Section 5 of the

FTC Act, 15 U.S.C. § 45, or any applicable rule or regulation promulgated and enforced by the Commission.

XV. EFFECT OF ORDER

IT IS FURTHER ORDERED that the rights and remedies provided by this Order shall be in addition to, and not in lieu of, any other rights and remedies that may be provided by applicable law.

XVI. FEES AND COSTS

IT IS FURTHER ORDERED that each party to this Order hereby agrees to bear its own costs and attorneys' fees incurred in connection with this action.

XVII. RETENTION OF JURISDICTION

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 directives as may be necessary or appropriate for the interpretation or modification of this Order, for the enforcement of compliance therewith, or for the punishment of violations thereof.



XVIII. COMPLETE SETTLEMENT

The parties, by their respective counsel, hereby consent to entry of the foregoing Order which shall constitute a final judgment and order in this matter. The parties further stipulate and agree that the entry of the foregoing Order shall constitute a full, complete and final settlement of this action.

FOR THE PLAINTIFF:

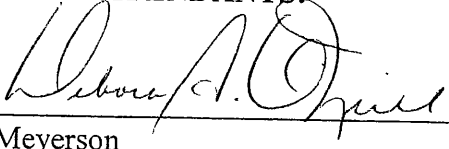
William E. Kovacic
General Counsel

Tara M. Flynn
Assistant Director
Division of Marketing Practices





Russell Deitch
Craig Tregillus
Federal Trade Commission
600 Pennsylvania Ave. N.W. - Rm. 238
Washington, D.C. 20580

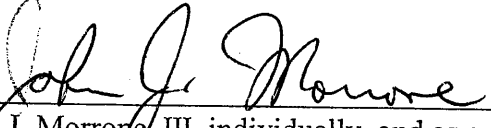
FOR THE DEFENDANTS:



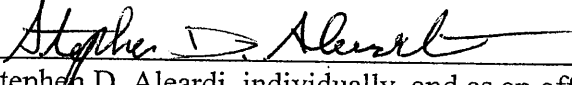
Jack Meyerson
Debora A. O'Neill
Law Offices of Jack Meyerson
1700 Market Street - Suite 2638
Philadelphia, PA 19103
Attorneys for Defendants John J. Morrone III,
Morrone's Water Ice, Inc., Ice America Corp.,
Water Ice Systems, Inc. and JMS Sales, Inc.



Frank Breitman
The Bourse - Suite 785
21 S. Fifth St.
Philadelphia, PA 19106
Attorney for Defendants Stephen D. Aleardi and
Franchise Consultants Corp.




John J. Morrone, III, individually, and as an officer
of Defendants Morrone's Water Ice, Inc., Ice
America Corp., Water Ice Systems, Inc. and JMS
Sales, Inc. authorized to bind the corporations.



Stephen D. Aleardi, individually, and as an officer of
Defendant Franchise Consultants Corp. authorized to
bind the corporation.

SO ORDERED this 15th day of APRIL, 2003.



THE HONORABLE JAN E. DUBOIS
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

APPENDIX A

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

MORRONE'S WATER ICE, INC.,
a Pennsylvania corporation;
FRANCHISE CONSULTANTS CORPORATION,
a Pennsylvania corporation, d/b/a
FRANCHISE CONSULTANTS GROUP;
ICE AMERICA CORPORATION,
a Pennsylvania corporation;
WATER ICE SYSTEMS, INC.,
a Pennsylvania corporation;
JMS SALES, INC.,
a Pennsylvania corporation;
STEPHEN D. ALEARDI, a/k/a STEVE ALEARDI,
individually and as an officer of
FRANCHISE CONSULTANTS CORPORATION,
ICE AMERICA CORPORATION,
WATER ICE SYSTEMS, INC., and
JMS SALES, INC.; and
JOHN J. MORRONE, III, individually and as
an officer of ICE AMERICA CORPORATION,
WATER ICE SYSTEMS, INC.,
and JMS SALES, INC.,

Defendants.

CIVIL ACTION

NO. 02-3720

AFFIDAVIT OF RECEIPT OF ORDER

_____, being duly sworn, hereby states and affirms as follows:

1. My name is _____. My current residence address is _____

_____. I am a citizen of the United States and am over the age of eighteen.

I have personal knowledge of the facts set forth in this Affidavit.

2. I am [an Individual Defendant] and [President of (or other officer authorized to act for) Corporate Defendant(s) _____] in the above-captioned case.

3. On _____, 2003, I received a copy of the Stipulated Judgment and Order for Permanent Injunction that was signed by the Honorable Jan E. DuBois and entered by the Court on _____, 2003. A true and correct copy of the Order I received is appended to this Affidavit.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

[Type name of Affiant]

Executed on _____, 2002, at _____ [city and state].

State of _____
County of _____

Subscribed and sworn to before me this ____ day of _____, _____.

Notary Public
My Commission Expires:

Certification of Service by Federal Express Mail

I, Craig Tregillus, certify as follows:

I am over the age of 18 years and am not a party to this action.

I work for the Federal Trade Commission in Washington, D.C. My business address is:
Federal Trade Commission, 6th Street and Pennsylvania Ave., N.W., Room 238, Washington,
D.C. 20580. I certify that on April 11, 2003, I caused the Stipulated Judgment and Order for
Permanent Injunction to be served upon the following persons by Federal Express mail:

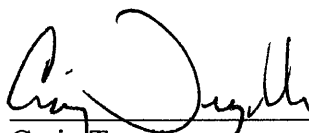
Jack Meyerson, Esq.
Law Offices of Jack Meyerson
1700 Market Street-Suite 2632
Philadelphia, PA 19103

Attorney for Morrone's Water Ice, John J. Morrone, III, Ice America Corporation, JMS Sales,
and Water Ice Systems, Inc.

Frank Breitman, Esq.
Suite 785-The Bourse
21 S. Fifth Street
Philadelphia, PA 19106

Attorney for Franchise Consultants Corporation and Stephen D. Aleardi.

Executed in Washington, D.C. on April 11, 2003.


Craig Tregillus