JURY ENTERS VERDICT FOR FRAUD AND DECEPTIVE PRACTICES AGAINST LARGEST <u>U.S. FRANCHISE CONSULTING FIRM</u>

MIAMI -10/12/09 - Late Friday evening, a Miami jury determined that franchise consulting firm FranCorp, engaged in fraud and unfair and deceptive trade practices and participated in a conspiracy with one of its clients to defraud four groups of franchise purchasers.

Francorp, whose founder and President, Donald Boroian was also found by the jury to have personally participated in the fraud, bills itself as the world's largest firm specializing in franchise consulting. Founded in 1976, Francorp claims to be the oldest and most experienced franchise consultant in the world. According to its website, its clients include some of the most well-known and successful franchise companies in the country including McDonald's, Ryder Truck Rental, Pizzeria Uno, Nathan's Famous Hot Dogs, Omni Hotels, Le Croissant Shops, Friendly's Ice Cream, Dippin' Dots,Church's Chicken and Holiday Inn. FranCorp describes itself as a one-stop-shop for businesses looking to franchise their concepts, and creates for them everything from the operations manuals to the legal documents.

Here, however, according to the jury, the legal documents created by Francorp for its client, South Beach Franchising, LLC, were false and misleading and caused four groups of franchise purchasers to lose their entire investments. South Beach Franchising, LLC, established by Carol Brothers, claimed to have established a franchise system for businesses offering the sale of health, nutritional,

anti-aging, fitness and beauty products. After purchasing their franchises, however, each of the four groups of plaintiffs in the case realized that the franchise system was missing its essential elements. It had no "proprietary products" as it had claimed and it also had no operations manuals, marketing materials or training available. Shortly after their purchase, the Plaintiffs learned that they were not even permitted to use the name "South Beach Naturals" which was the very name of the franchised businesses that they had purchased. The franchise system folded and Carol Brothers declared personal bankruptcy within a few short months after the Plaintiffs purchased their franchises.

The Plaintiffs contended that Donald Boroian and Francorp were liable for actively assisted in establishing the franchise system, preparing the legal documents and assisting in the sales process. The jury agreed and entered a verdict in favor of Plaintiffs on all nine legal claims presented to the jury including fraud in the inducement, negligent misrepresentation and violation of Florida's Deceptive and Unfair Trade Practices Act.

The Plaintiffs sought and received an award from the jury in the total amount of approximately $ 365,000. This amount represented the full total of the Plaintiffs' collective investments. Because the Plaintiffs prevailed on three different statutory claims under Florida law, the Plaintiffs will also be entitled to recover their attorneys' fees which will likely add several hundreds of thousands of dollars to the damages award.

"We are gratified that the jury held Donald Boroian and Francorp responsible for their deceptive and fraudulent business practices in this case" said

Robert M. Einhorn, lead trial counsel for Plaintiffs of the Miami based franchise law firm, Zarco Einhorn Salkowski and Brito, P.A.

"The jury's decision sends a clear message to Francorp and other franchise 'packaging houses' that they will be held accountable for the preparation of false and misleading franchise documents for their clients and that they cannot engage in the unauthorized practice of law," stated Einhorn.

Donald Boroian vowed to pursue an appeal after learning of the jury's verdict against him and Francorp on all claims.

Robert M. Einhorn, Esq.

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