☐ YES ☑ NO

EXHIBITS

CASE NO. 2020 CH 5088

DATE: 7/23/2020

CASE TYPE: Class Action

PAGE COUNT: 25

CASE NOTE

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

MAHESH SASHITAL, MARK FERGUSON, and MICHAEL SCOTT DAVIS individually and on behalf of the class described below,	)	9865054
Plaintiffs,	)	
v.	)	Case No. 2020 CH 2020CH05088
SEVA BEAUTY, LLC, and KARI COMROV,	)	
Defendants.	)	JURY DEMANDED

VERIFIED CLASS ACTION COMPLAINT

Plaintiffs, MAHESH SASHITAL, MARK FERGUSON, and MICHAEL SCOTT DAVIS on behalf of class members described below, by and through their undersigned attorneys, LOFTUS & EISENBERG, LTD. and for their Complaint against Defendants, SEVA BEAUTY, LLC and KARI COMROV state as follows:

I. INTRODUCTION

1. Defendant, Seva Beauty, LLC ("Seva"), is a franchisor of the failing "Seva Beauty" system of fast casual spas throughout the nation. Defendants present the "Seva Beauty" franchise as a no-lose investment opportunity for significant passive income when, in reality, the business model is a no-win, except for a select few experienced retailers who have no need for franchise support.

2. Defendants' sales pitch is in direct contravention of Illinois' Franchise Disclosure Act, 815 ILCS 705, *et seq*.; the Consumer Fraud and Deceptive Business Practice Act, 815 ILCS 505, *et seq*.; and the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510, *et seq* (collectively referred to herein as "Consumer Protection Laws")

3. Sadly, Seva's victims continue to incur franchise fees and the harms multiply each day as Defendants continue to profit on their lies through the pandemic.

4. Defendants engaged in a fraudulent scheme lying to franchisees to acquire over $12,000,000 from franchisees then hiding behind a byzantine and expensive structure of arbitration agreements and fraudulently induced take-it-or-leave-it releases with no consideration that are voidable as a matter of law.

5. Defendants settled a handful of fraud claims in arbitration for over $2,000,000 yet refuse to change their fraudulent conduct without a Court ordering them to stop.

6. Plaintiffs are current Seva franchisees and, on behalf of a class of similarly situated franchisees, seek (1) a declaration that Defendants are violating the Franchise Disclosure Act, 815 ILCS 705, *et seq*., the Consumer Fraud and Deceptive Business Practice Act, 815 ILCS 505, *et seq*., and the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510, *et seq.*, and (2) an injunction prohibiting them from making future misrepresentations.

II. PARTIES

7. Plaintiff, MAHESH SASHITAL ("Sashital"), is, and at all times relevant to this action, has been a citizen of the state of Texas.

8. Plaintiff, MARK FERGUSON ("Ferguson"), is, and at all times relevant to this action, has been a citizen of the state of Florida.

9. Plaintiff, MICHAEL SCOTT DAVIS ("Davis"), is, and at all times relevant to this action, has been a citizen of the state of Texas.

10. Defendant, SEVA BEAUTY, LLC ("Seva"), is an Illinois limited liability company with a principal place of business in Puerto Rico. At the time that Seva entered into the Franchise Agreements in question, Seva maintained a principal place of business in Highland Park, Illinois.

11. Defendant, KARI COMROV ("Comrov"), is an individual and citizen of Nevada and resident of Nevada.

III. JURISDICTION AND VENUE

12. Pursuant to 735 ILCS 5/2-209, this Court has personal jurisdiction over all Defendants because Defendants committed the tortious acts complained of in Cook County, Illinois.

13. Venue in this county is proper pursuant to 735 ILCS 5/2-101, because the acts and omissions complained of occurred in this county. Defendants purposely availed themselves of jurisdiction in Cook County by selling franchises to Cook County residents, directing phone, email, and letter correspondence to potential franchisees in Cook County, meeting with potential franchisees in Cook County, and making oral misrepresentations to potential franchisees here.

14. Jurisdiction and venue are proper in this Court pursuant to section 11.07 of the Franchise Agreement.

15. Although the Franchise Agreement contains requirements in sections 10.01 and 10.02 that the parties submit their disputes to mediation and arbitration, respectively, section 10.03 exempts from those requirements "any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder."

IV. CLASS ALLEGATIONS

16. Plaintiffs state claims on behalf of a class of similarly situated franchisees seeking (1) a declaration that Defendants are violating the Franchise Disclosure Act, 815 ILCS 705, *et seq*., the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510, *et seq*., and the Consumer Fraud and Deceptive Business Practice Act, 815 ILCS 505, *et seq*., and (2) an injunction prohibiting them from making future misrepresentations.

17. Plaintiffs bring this lawsuit as a class action on behalf of the classes of persons, defined as follows:

> All persons who purchased a Seva franchise from January 1, 2015 to December 31, 2019 who currently owe monthly royalties to Seva.
>
> Excluded from the proposed Class and subclasses are Defendants, their respective officers, directors, and employees, affiliates, legal representatives, heirs, successors, or assignees. Plaintiffs reserve the right to amend the Class definition as necessary.

18. The members of the putative classes are so numerous that joinder of all members is impracticable.

19. Questions of fact and law as to all putative class members predominate over any questions affecting any individual member of the putative class, including, but not limited to:

a. Whether Defendants are violating the Franchise Disclosure Act, 815 ILCS 705, *et seq*.;

b. Whether Defendants are violating the Consumer Fraud and Deceptive Business Practice Act, 815 ILCS 505, *et seq*.; and

c. Whether Defendants are violating the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510, *et seq*.

20. Plaintiffs' claims are typical of the claims of the Class because Defendants' violations of the consumer protection acts effected the Plaintiffs in the same way as the Class and the violations will continue if not enjoined.

21. Plaintiffs will fairly and adequately represent and protect the interests of the putative class. Plaintiffs have retained experienced class action counsel. The interests of Plaintiffs are coincident with and not antagonistic to the interests of the Class.

22. The questions of law and fact common to the members of the putative class predominate over any questions affecting only individual members, including legal and factual issues relating to liability and damages.

23. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because joinder of all putative class members is impracticable. Moreover, because the damages suffered by individual members of the putative class may be relatively small, the expense and burden of individual litigation makes it impossible for the members of the putative class to redress the wrongs done to them individually.

24. The putative class is readily definable and prosecution of the action as a class action will eliminate the possibility of repetitious litigation. There will be no difficulty in the management of this action as a class action.

CHOICE OF LAW

25. Defendants have chosen and consented to the choice of Illinois law in their franchise agreement with each Class Member. The Agreement provides in pertinent part:

> You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted in the State of Illinois and will be governed by the laws of such state which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those

> laws. This choice of laws will not include and does not extend outside of Illinois the scope of application of the Illinois franchise or business opportunity laws. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Illinois, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement will be tried, heard, and decided in the state and federal courts in Illinois, which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the SEVA franchise system.

V. FACTS COMMON TO ALL COUNTS

26. In connection with the sale of the Franchises to Plaintiffs and the Class, Seva intentionally omitted financial information from its Franchise Disclosure Document ("FDD") regarding the failures of the vast majority of Seva franchises and instead only provided limited financial information from a handful of its most profitable store locations.

A. Seva Promoted False Examples of Successful Franchisees

27. Those stores that were successful were not compliant with Seva's rules or government employment regulations.

28. Seva instructed its franchisees not to talk to potential franchisees and only allowed select store owners, who, upon information and belief, were coached on what to say talk to potential franchisees, including Plaintiffs.

29. In 2018, seasoned Seva fanchisee, Rajsingh Gohil spoke with numerous prospective franchisees and told them the truth about Seva, explaining that no one should proceed unless they were already very experienced and had a staff of skilled threaders. Gohil told prospective franchisees that stores were going out of business and franchisees were losing significant amounts of money. Comrov learned Gohil was telling prospective franchisees the truth and told him to tell a different story. She then took him off the list of existing franchisees for prospects to speak with.

30. Seva told existing franchisees that they shouldn't communicate with prospective franchisees and that only select franchisees would talk to prospective franchisees. Seva speciously claimed this was to limit the burden on franchisees dealing with inquiries, but in reality this was to conceal their ongoing fraudulent conduct.

31. The most profitable stores were operated in areas where there were many immigrants familiar with the techniques employed by Seva, so stores in Chicago had a ready pool of labor that did not exist elsewhere. Meanwhile, Plaintiffs were in locations without this large available labor force.

32. Seva knew this and still promised it was easy to find employees nationwide just like it's Chicago-area exemplars.

33. Seva knew the exemplar stores were uniquely suited to have adequate labor and the same would not be true nationwide. Despite this knowledge, Seva lied to Plaintiffs and the class during their Discovery Day visits to Chicago and promised they would be able to easily hire and train staff even in the rural south and mountain west.

34. The Chicago-area exemplars cited by Seva as representative of Plaintiffs' future business skirted employment regulations by having employees work "part-time" at multiple stores, thus creating artificial and illegal savings on labor costs not disclosed to Plaintiffs' who followed the law.

35. The exemplar franchisees would run three stores near each other and have one employee work 20 hours at each of the stores. Thus the employees would not be full time at any store, would not require benefits, and would not need to be paid overtime. Seva was aware of these fraudulent practices and nonetheless promised Plaintiffs and the class that they would have the same success while following the law.

36. Seva relied on one exceptional franchisee, Moyees Merchant ("Merchant"), in particular as a false example of what individual franchisees could expect in order to support its fraudulent sales pitch.

37. Merchant had nearly 20 years' experience prior to joining Seva. Merchant owns over a dozen Seva franchisees as well as several competing franchisees providing the same services in Walmarts. Merchant employs a one of a kind training model not taught by Seva and not encouraged by Seva for its franchisees to employ.

38. Merchant charges potential employees $900 for threading training organized by his wife employing her own techniques, then the new "employees" or apprentices remain in the unpaid training program until an experienced threader confirms they are ready to work on their own after watching them perform the service on dozens of customers.

39. Merchant's training process takes up to three months. All the while Merchant is not paying the "employees". During the training period, the trainee works in the store for free under one-on-one supervision. Then when their ability is confirmed they are paid wages and work independently. Merchant's model yields a highly skilled work force that can grow the business organically based on their superior skill. He can also use this unique model to expand his employee base to people with no experience or training at no cost to him. Merchant's stores are all located in economically depressed areas where people will submit to working for free for weeks or months in the hopes of securing a position.

40. Seva is well aware of Merchant's training program and that it is the key to his success in the rural south. Seva fraudulently conceals that this level of employee training is necessary for a successful franchise. Certainly if franchisees were told they would need to convince people to pay the franchisee for months of full time training before earning a low-wage position

in order to succeed, hundreds of franchisees would not have paid the exceptional franchise fees. Merchant struck gold but Seva knows he is a complete outlier not to form the basis for their fraudulent misrepresentations.

41. Instead of the Merchant-model of months of training, Seva offered one hour of video instruction on threading.

42. Seva knows an hour of video instruction is insufficient to train someone in the art of eyebrow threading and nonetheless continues, until a court orders otherwise, to misrepresent that the franchises can be profitably operated with limited video training of employees.

43. Seva fraudulently omitted from the FDD that the stores had to open with at least one qualified threader.

44. Seva claimed that the employees could be trained in threading very easily. Threading is a very complex skill to develop and not everyone can get it. It takes three to six months for someone to develop the skill of how to hold the thread properly and pull the hairs out correctly. The skill to design the perfect eyebrows takes over another year to develop. Threaders work years to develop this skill. There is no way it can be taught in the time Seva promised the class it could be done.

B. Misrepresentations of Profitability and Absentee Ownership

45. Seva, through its principal and its employees, namely Comrov, made various representations to Plaintiffs about the profitability of Seva stores that induced Plaintiffs and the class to purchase the Franchises, including statements that the stores would break even or be profitable within a short period of time (1-3 months, 2-4 months, or 3-6 months) and that the class could easily earn at least $90,000 to $150,000 in profit per franchise in the franchise's second year of operations. Seva communicated this verbally throughout the sales process and in a brochure.

Seva knew few if any of their franchisees generated this sort of revenue and certainly not when they were paying someone to manage the stores and not training employees for months on end.

46. Seva's head of operations, Comrov, made the following representations during the Discovery Day in Chicago to potential franchisees while they were wined and dined as part of the final sales pitch:

A. "Each store will break even in the first six months and earning $100,000 + per store is easy";

B. "It's a turn-key business without needing any prior skill";

C. "It's very common for the owner to be an absentee owner";

D. "If you buy two franchises the third is practically free. All of our very successful store owners own three or more stores and that is formula for success"; and

E. "I think I'm on the wrong side of the business, I should be an owner of a store instead of being in operations. I would be making so much more if I were an owner instead."

47. These representations by Comrov are confirmed by at least a dozen Seva franchisees interviewed by counsel who heard the statements and reasonably relied on them.

48. Comrov made the same representations stated in paragraph 46 above at a meeting of the Seva President's Cabinet, a group of the largest franchisees, when that group was given a sales pitch on buying additional franchises in groups of three at a purported discount.

49. The statements in paragraph 46 are each false. In reality, few Seva franchisees make any profit at all, the stores can only be profitable if the owner serves as the manager without

additional compensation, and Comrov would not make more as an owner of these failing franchises than she did in operations at Seva.

50. Defendants knew these statements were false when made and failed to correct the misrepresentations.

51. Defendants continue to receive monthly royalties totaling over $30,000 from the class who was fraudulently induced into agreeing to pay the royalties.

C. Misrepresentations Regarding Walmart

52. Seva franchises primarily operate inside Walmart stores and rely on foot traffic from Walmart customers.

53. The only value Seva provided relative to its competing franchisors was that it had a relationship with Walmart.

54. All of Plaintiffs' franchises were located within Walmart stores and Seva, through Comrov, Vas Maniatis, made numerous representations to Plaintiffs and the class about a continued relationship with Walmart and that the relationship was solid. Meanwhile, the relationship was actually falling apart and Walmart was refusing to renew leases.

55. The reality is that at the same time Comrov and Seva's employees were saying everything was fine with Walmart it was refusing to enter into new agreements with Seva.

56. In or about 2018, Walmart cut ties with Seva. Walmart refused to enter into new leases, refused to extend existing leases, and terminated their leases with some class members leaving them in the lurch.

57. Seva never disclosed any of their agreements with Walmart to the class despite repeated requests.

58. Seva misrepresented that Plaintiffs and Class Members could open the franchises in any Walmart location and that operation in any Walmart store would be profitable. Seva provided each Plaintiff a list of potential locations when they were sold on the franchise.

59. Seva knew these locations were not all available but would only commit to a location after Class Members paid their fees. Once Plaintiffs and the Class paid their fees the only locations left were far from their homes and far less profitable than what was promised.

60. After Plaintiffs and the Class purchased the franchises, Seva forced them to select a particular Walmart that was not in a profitable location and placed significant requirements and restrictions on Class Members in selecting a location. These requirements, restrictions, and prohibitions were not disclosed in Seva's FDD, and Seva did not disclose the effect of those requirements and restrictions on the class.

61. Seva fraudulently represented that the franchise agreement and the Walmart leases would be coterminous and fraudulently concealed their master lease with Walmart. But in reality Walmart terminated the leases prior to the end the of the franchise agreements.

62. Seva fraudulently represented that they were not taking a profit on the subleases with class members. The reality was that Seva was making money on the sublease arrangement and concealed their master lease with Walmart from Class Members.

63. Seva's business model is based primarily on handing out discount coupons to Walmart customers and Seva falsely promised that leafletting the store would ensure profitability.

64. After purchasing the Franchises, Plaintiffs and the Class discovered that Walmart store rules impose significant restrictions on approaching Walmart customers or advertising within Walmart or directly outside Walmart. Seva knew this and fraudulently concealed this fact. These restrictions and prohibitions were not disclosed in Seva's FDD, and Seva did not disclose the effect

the restrictions and prohibitions would have on the franchises. Seva did not disclose that the policy for leafletting varied from Walmart to Walmart.

65. Seva misrepresented to Class Members that no other business near the franchises would be allowed to perform facial threading. After purchasing the franchises, Plaintiffs learned that other businesses within the same Walmart were also performing facial threading, which diverted business away from Plaintiffs' and Class Members' franchises.

66. One Class Member was told by Comrov that his store would be the only one in the Walmart offering eyebrow waxing and eyelash extensions but, instead, there was one store doing eyelash extensions and two doing eyebrow waxing in the same Walmart Supercenter.

67. Seva fraudulently advertised online on Entrepreneur.com that Seva provided national media advertising, email marketing, and a loyalty program/app.

68. None of this is or ever was true. Seva did not offer national media advertising, email marketing, or a loyalty program/app. Seva fraudulently communicated these statements to induce people to buy a franchise.

69. Seva repeatedly represented that the Franchises could be "manager-managed" so that Plaintiffs would not be required to work in the store personally. However, after Class Members paid the fees, Seva staff including Comrov, insisted that franchise owners needed to spend at least 40 hours per week at the store in order to be successful.

70. Seva knows that under its franchise model the franchises cannot be financially profitable as a manager-managed model. Seva failed to disclose this information and its effect on the Class Members in its FDD and instead absentee ownership was the key to its sales pitch.

71. Many franchisees with absentee owners failed. They were later purchased by other franchisees with experience prior to Seva and their own operations system, such as Merchant.

72. Ultimately, the only thing of value Seva was selling was a ticket into Walmart, which Defendants lost years ago.

73. Seva speciously attempts to avoid liability for its fraudulent conduct by demanding franchisees sign releases for no consideration whenever there is the slightest change in operations of the franchise and threaten termination if a release is not signed. Seva never disclosed its fraudulent conduct prior to soliciting a subsequent release.

74. Any purported release of the fraudulent conduct will not prevent this Court from enjoining continuing violations or payments owed pursuant to the same conduct. *See Shanahan v. Schindler*, 63 Ill. App. 3d 82, 94 (1st Dist. 1978).

D. Continuing Harms Suffered by the Class

75. Were it not for Seva's misrepresentations, the Plaintiffs and the Class would not have an ongoing obligation to pay royalties to Seva.

76. Seva continues to charge royalties even when Class Members' stores are closed by government orders following Covid-19.

77. Seva would only allow a discounted royalty for franchisees shut down by government orders during the pandemic if Class Members signed an unconscionable general release.

78. Defendants will continue to profit from their fraudulent conduct if not enjoined.

E. Individual Class Members Experiences

79. On February 15, 2016, Ferguson entered into a franchise agreement with Seva.

80. On or about February 15, 2016, Ferguson visited Chicago where he heard Comrov's misrepresentations detailed in paragraph 46 and entered into a franchise agreement with Seva in Illinois.

81. Ferguson opened his franchise in a Walmart Supercenter in Bradenton, Florida, which has been a complete failure.

82. Ferguson's franchise lost $57,146.18 in 2016, lost $36,691.94 in 2017, $13,000 in 2018, and only turned a profit of $3,387.84 in 2019.

83. In 2020, when the COVID-19 pandemic hit, Ferguson could not safely remain open and was prohibited by government orders to remain closed for two months. Nevertheless Seva continued to charge him rent and royalties despite not being able to operate that, as discussed herein, he was fraudulently induced into paying.

84. On July 17, 2020, Seva sent Ferguson a notice of termination threatening that if he did not immediately pay what was purportedly owed, his store would be shut down and he would be assessed additional penalties in excess of $40,000.

85. Ferguson risks irreparable injury if Seva is not enjoined from seeking payments and penalties based on its fraudulent conduct.

86. At no time did Seva disclose the truth of its fraudulent representations to Ferguson. Ferguson first became aware of the fraudulent misrepresentations in 2019 when Seva settled eight individual claims alleging similar fraudulent representations by Seva for over $2,000,000.

87. On March 4, 2016, Sashital entered into a franchise agreement with Seva.

88. On or about March 3, 2016, Sashital traveled to Chicago where he heard Comrov's fraudulent statements detailed in paragraph 46 above and executed the franchise agreement in Chicago based on these statements.

89. Sashital opened his franchise in a Walmart Supercenter in Richmond, Texas, which has been a complete failure.

90. Sashital's franchise lost $48,830.00 in 2016, lost $53,143.00 in 2017, and lost $133,794.00 in 2018.

91. At no time did Seva disclose the truth of its fraudulent representations to Sashital. Sashital first became aware of the truth of Seva's fraudulent misrepresentations until 2019 when Seva settled eight individual claims alleging similar fraudulent representations by Seva for over $2,000,000.

92. Despite being fraudulently induced to purchase the franchise, Sashital continues to timely pay all amounts Seva claims it is owed.

93. On March 4, 2016, Davis entered into a franchise agreement with Seva.

94. On or about March 3, 2016, Davis traveled to Chicago where he heard Comrov's fraudulent statements along with Sashital, detailed in paragraph 46 above and executed the franchise agreement in Chicago based on these statements.

95. Davis opened his franchise in a Walmart Supercenter in Cypress, Texas, which has been a complete failure.

96. Davis's franchise lost $62,499.00 in 2016, lost $61,788 in 2017, and lost $20,717 in 2018.

97. At no time did Seva disclose the truth of its fraudulent representations to Davis. Davis first became aware of the truth of Seva's fraudulent misrepresentations in 2019 when Seva settled eight individual claims alleging similar fraudulent representations by Seva for over $2,000,000.

98. Despite being fraudulently induced to purchase the franchise, Davis continues to timely pay all amounts Seva claims it is owed.

VI. CLAIMS

FIRST CAUSE OF ACTION
Illinois Uniform Deceptive Trade Practices Act
(815CS 510/1 *et. seq*.)

99. Plaintiffs, individually and on behalf of the class, restate and reallege paragraphs 1 through 98, as though fully set forth herein as paragraph 99.

100. Plaintiffs, the Class Members, and Defendants are "persons" under the UDTPA, 815 ILCS 510/1(5), which defines a "person" as "an individual, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, unincorporated association, 2 or more of any of the foregoing having a joint or common interest or any other legal or commercial entity."

101. Under the UDTPA, a person engages in a deceptive trade practice when, in the course of his or her business, vocation or occupation, that person:

a. "represents that products or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have." 815 ILCS 510/2(5).

b. "represents that products or services are of particular standard, quality, or grade or that products are of a particular style or model, if they are of another." 815 ILCS 510/2(7).

c. "advertises products or services with intent not to sell them as advertised." 815 ILCS 510/2(9)

d. "engages in any other conduct which similarly creates a likelihood of confusion or misunderstanding." 815 ILCS 510/2(12).

102. Through the means described herein above, Defendants have represented, expressly or by implication, in their advertising and promotional material conducted within the state of Illinois, and directed at its citizens, as well as other persons within Illinois and around the United States, and Plaintiffs and the Class Members that: (a) the franchises were profitable; (b) the franchises could be operated profitably without the owner participating in day to day operations; (c) Seva provided adequate training and support for threaders; and (d) Seva had a business relationship with Walmart that enabled extensions of franchise agreements and on site marketing.

103. Each representation set forth above is false, misleading, and/or confusing and was not substantiated at the time the representation was made. Therefore, the making of each representation as set forth above constitutes a deceptive act or practice, in violation of the UDTPA.

104. Defendants intended that Plaintiffs and the Class Members rely on their deceptive practices in an attempt to induce them to purchase franchises from Seva.

105. Defendants' deception occurred during the marketing and sale of the franchises and related services in the course of Defendants' business.

106. Defendants have a duty arising from their superior knowledge of their true profitability and mechanics of operating a franchise and its partial representations, omissions, and/or misrepresentations to the contrary, to disclose at the point of sale and/or otherwise that the claims of profitability and ease of ownership were false.

107. Defendants willfully and intentionally failed to disclose one or more important and material facts that were only known to them and that Plaintiffs and the Class Members could not have discovered; and/or Defendants actively concealed one or more important and material facts from Plaintiffs and the Class Members and/or prevented them from discovering such fact or facts.

108. Defendants failed to disclose and concealed the true facts that the claims of profitability and ease of ownership were false. These omissions would be material to a reasonable consumer. Reasonable consumers are likely to be deceived and confused by Defendants' material misrepresentations and omissions.

109. Plaintiffs and Class Members suffered injury-in-fact, including the loss of money, as a result of Defendants' unlawful, unfair, and/or deceptive practices. Plaintiff and Class Members were directly and proximately injured by Defendants' conduct and lost money and incurred debt as a result of Defendants' wrongful conduct, misrepresentations, and material omissions because they would not have purchased or would not have paid as much for a Seva franchise and products had they known the truth. Consumers are likely to be damaged by Defendants' continuing deceptive trade practices.

110. Plaintiffs and Class Members are at a heightened and imminent risk of being financially unable to pay or default on loans and continue to incur charges and penalties from Defendants resulting from Defendants' wrongful and unlawful conduct.

111. Plaintiffs and the Class are suffering actual and imminent harm that is concrete and ongoing with each passing day. An actual dispute between Plaintiff and the other Class Members and Defendants exists, and the parties have genuine, direct, and substantial opposing interests for which a judicial determination will be final and conclusive.

112. Plaintiffs request that the Court: (a) enter an order declaring Defendants' conduct to be a false, misleading, and/or confusing and a willful violation of the UDTPA and applicable state laws; (b) enter an order declaring Defendants engaged in deceptive trade practices in violation of 815 ILCS 510(5), (7), (9), and (12) by, inter alia, misrepresenting the quality, characteristics, uses, and benefits of the franchises, and actively concealing, and causing others to conceal,

material information about the true nature of the franchises sold by Defendants; and (c) enter such other orders or judgments as may be necessary to enjoin Defendants from continuing their unfair and deceptive business practices, and to provide such other relief as set forth below and remedy the injury-in-fact resulting from Defendants unlawful conduct.

113. Plaintiffs are entitled to an award of reasonable attorneys' fees and costs under 815 ILCS 510/3 by any declaratory, injunctive, or other relief entered herein.

SECOND CAUSE OF ACTION
Illinois Consumer Fraud And Deceptive Trade Practices Act
(815 ILCS 505, *et. seq*.)

114. Plaintiffs, individually and on behalf of the class, restate and reallege paragraphs 1 through 99, as though fully set forth herein as paragraph 114.

115. The ICFA, 815 ILCS 505, *et. seq*. provides that Defendants may not employ "[u]nfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact." 815 ILCS 505/2.

116. Through the means described herein above, Defendants have represented, expressly or by implication, in their advertising and promotional material conducted within the state of Illinois, and directed at its citizens, as well as other persons within Illinois and around the United States, and Plaintiffs and the Class Members that: (a) the franchises were profitable; (b) the franchises could be operated profitably without the owner participating in day to day operations; (c) Seva provided adequate training and support for threaders; and (d) Seva had a business relationship with Walmart that enabled extensions of franchise agreements and on site marketing.

117. Defendants intended that Plaintiffs and the Class Members rely on their deceptive practices and induced them to purchase a franchise and related services. Defendants' deception occurred during the marketing and sale of Defendants' business and related services in the course of trade and commerce in the state of Illinois, and directed at its citizens, as well as other persons within Illinois and around the United States. As a result of Defendants' violations of the ICFA as described herein, Plaintiffs and the Class Members have been harmed and suffered actual damages and injury-in-fact caused by Defendants' deception.

118. Plaintiffs and Class Members are entitled to, and hereby seek, reasonable attorneys' fees and costs, injunctive relief, and any and all further equitable relief that this Court deems appropriate.

THIRD CAUSE OF ACTION
Illinois Franchise Disclosure Act
(815 ILCS 705, *et. seq*.)

119. Plaintiffs, individually and on behalf of the class, restate and reallege paragraphs 1 through 99, as though fully set forth herein as paragraph 119.

120. The IFDA, 815 ILCS 705, *et. seq*. provides that Defendants may not "(a) employ any device, scheme, or artifice to defraud; (b) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person." 815 ILCS 705/6.

121. Through the means described herein above, Defendants have represented, expressly or by implication, in their advertising and promotional material conducted within the state of Illinois, and directed at its citizens, as well as other persons within Illinois and around the United

States, and Plaintiff and the Class Members that: (a) the franchises were profitable; (b) the franchises could be operated profitably without the owner participating in day to day operations; (c) Seva provided adequate training and support for threaders; and (d) Seva had a business relationship with Walmart that enabled extensions of franchise agreements and on site marketing.

122. Defendants intended that Plaintiffs and the Class Members rely on their deceptive practices and induced them to purchase a franchise and related services. Defendants' deception occurred during the marketing and sale of Defendants' business and related services in the course of trade and commerce in the state of Illinois, and directed at its citizens, as well as other persons within Illinois and around the United States. As a result of Defendants' violations of the IFDA as described herein, Plaintiffs and the Class Members have been harmed and suffered actual damages and injury-in-fact caused by Defendants' deception.

123. Plaintiffs and Class Members are entitled to, and hereby seek, reasonable attorneys' fees and costs, injunctive relief, and any and all further equitable relief that this Court deems appropriate.

FOURTH CAUSE OF ACTION
(Declaratory Relief)

124. Plaintiffs, individually and on behalf of the class, incorporate by reference the foregoing allegations as if fully set forth herein.

125. A court may make binding declarations of the construction of any statutes, and a declaration of the rights of the parties interested by means of a pleading seeking that relief alone, or as incident to or part of a complaint, counterclaim or other pleading seeking other relief as well. 735 ILCS 5/2-701.

126. Plaintiffs and the Class Members are at a heightened and imminent risk of being financially unable to repay, and in default of, royalties and interest on loans taken to finance their

franchise purchase resulting from Defendants' wrongful and unlawful conduct. Royalty fees and interest on loans continue to accrue every day, whether such loans are in forbearance or default or not. Meanwhile Seva continues to charge fees and penalties based on their fraudulently induced agreements.

127. Plaintiffs and the Class Members are suffering actual and imminent harm that is concrete and ongoing with each passing day of interest and royalties. An actual controversy and dispute between Plaintiffs and the other Class Members and Defendants exists, and the parties have genuine, direct, and substantial opposing interests for which a judicial determination will be final and conclusive.

128. Plaintiffs and the Class are therefore entitled to a declaratory judgment that Defendants' acts and omissions as alleged herein violates applicable State law, including without limitation the UDTPA, ICFA, IFDA, as well as such other and further relief as may follow from the entry of such a judgment.

REQUEST FOR RELIEF

WHEREFORE, Plaintiffs, individually and on behalf of the Class, respectfully request that the Court enter judgment in their favor and against Defendants as follows:

A. Finding that this action satisfies the prerequisites for maintenance as a class action as set forth in 735 ILCS 5/2-801, and certifying the proposed Class as defined herein;

B. Designating Plaintiffs as representative of the proposed Class, and Alexander N. Loftus, Esq. as Lead Counsel;

C. An order temporarily and permanently enjoining Defendants from continuing the unlawful, deceptive, fraudulent, and unfair business practices alleged in this Complaint;

D. An order temporarily and permanently enjoining Defendants from collecting any royalties or assessing penalties for non-payment of royalties from the Class;

E. A declaration that the acts, omissions, and practices described in this claim exist, are unfair, deceptive, unlawful, and a violation of applicable State law;

F. A declaration that the Franchise Agreement is an illegal contract and is void ab initio;

G. An order enjoining Defendants from engaging in further unfair and deceptive advertising, promotion, distribution and sales practices with respect to the franchises;

H. A permanent injunction prohibiting Defendants and their officers, agents, employees and successors, from engaging in the unlawful practices complained of herein in violation of applicable state law;

I. A mandatory injunction requiring Defendants to adopt business practices in conformity with the requirements of applicable laws;

J. An order requiring Defendants to notify Plaintiffs and members of the Class that the following statements are false and untrue: (a) the franchises were profitable; (b) the franchises could be operated profitably without the owner participating in day to day operations; (c) Seva provides adequate training and support for threading; and (d) Seva had a business relationship with Walmart that enabled extensions of franchise agreements and on site marketing;

K. An award of costs and attorneys' fees; and

L. Such other or further relief as may be appropriate.

JURY DEMAND

Plaintiffs hereby demand a trial by jury on all issues so triable.

Respectfully submitted,

MAHESH SASHITAL, MARK FERGUSON, and MICHAEL SCOTT DAVIS,
Plaintiffs

By: /s/*Alexander N. Loftus*
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