

STATE OF NORTH CAROLINA
COUNTY OF WAKE

FILED
2011 MAR 10 AM 11:36
WAKE COUNTY, C.S.C.
IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
09-CVS-013407

BY _____
STATE OF NORTH CAROLINA,
ex rel. ROY COOPER, ATTORNEY
GENERAL and ELAINE F. MARSHALL,
SECRETARY OF STATE,

Plaintiffs,

v.

CORPORATE SERVICES, INC., d/b/a
COMPLIANCE SERVICES,
CORPORATE SERVICES and
CORPSRVC.COM, and SELWYN J.
MONARCH, individually and as Agent
and Principal Officer of CORPORATE
SERVICES, INC.,

Defendants.

**JUDGMENT BY CONSENT AND
AGREED PERMANENT INJUNCTION**

THIS MATTER was heard before the undersigned Judge presiding over the January 31, 2011 civil session of Wake County Superior Court pursuant to the parties' joint application for the entry of a Judgment by Consent and Agreed Permanent Injunction resolving all disputes and controversies in the above-captioned action ("Action").

Assistant Attorney General David N. Kirkman and Secretary of State Enforcement Attorney Blackwell M. Brogden, Jr. appeared on behalf of Plaintiff State of North Carolina.

Charles F. Marshall, III and Eric M. David, of the law firm of Brooks, Pierce, McLendon, Humphrey and Leonard, L.L.P., appeared on behalf of defendants Corporate Services, Inc. and Selwyn Monarch (collectively "Defendants").

The parties, through counsel, have represented to the Court that the terms and conditions of the Judgment by Consent and Agreed Permanent Injunction set forth below represent a negotiated compromise to a dispute that has been vigorously contested and that they recommend such terms and conditions to the Court.

The Court finds and concludes, based upon its examination of the record in this cause, the representations of counsel for the parties, and the parties' assent as shown by their signatures below, that entry of this Judgment by Consent and Agreed Permanent Injunction is in the public interest and represents an appropriate resolution to this litigation.

The Court therefore makes the following:

I. FINDINGS OF FACT

1. Plaintiff, by and through its duly elected Attorney General and Secretary of State, brought this Action against defendants on July 9, 2009, alleging, *inter alia*, that defendants violated the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, by sending a deceptive mailing to North Carolina corporations and to foreign corporations licensed to do business in the state ("Solicitation"). (A copy of the Solicitation referenced is attached as Exhibit A).

2. This Court entered a Temporary Restraining Order against defendants on July 9, 2009, followed by a Preliminary Injunction on July 30, 2009. Defendants did not object to the entry of the Preliminary Injunction but retained all rights to contest Plaintiff's allegations and claims.

3. On August 7, 2009, defendants removed this Action to the United States District Court for the Eastern District of North Carolina. Following the submission of a joint motion by

the parties to remand the action, the United States District Court remanded the action to this Court on September 30, 2009.

4. On October 1, 2009, Defendants moved for dismissal of this Action under Rule 12(b)(2) and 12(b)(6) of the North Carolina Rules of Civil Procedure. On October 21, 2009, Plaintiff filed a motion for modification of the Court's Preliminary Injunction so that over 600 responses to Defendants' mailings that were being held at a Raleigh commercial mail receiving agency, a "UPS Store," could be released to the Attorney General for return to the businesses that sent them. On October 26, 2009, the Court denied Defendants' Rule 12 motion and allowed Plaintiff's motion.

5. Defendants filed their Answer and Defenses on November 13, 2009. Defendants, among other things, denied that the mailings in question were deceptive or violated the laws of the State of North Carolina in any way, and Defendant Selwyn Monarch specifically contested personal jurisdiction against him as an individual.

6. The parties commenced written discovery but agreed to suspend their scheduled discovery responses in order to pursue settlement negotiations and mediation with the assistance of mediator Roy J. Baroff of Chatham County. The Court suspended discovery deadlines in the case while those settlement and mediation efforts were in progress.

7. The terms and conditions set forth below resulted from the aforesaid settlement negotiations. The parties represent to the Court, and the Court accepts, that by recommending or agreeing to be bound by the following terms and requirements, (1) neither Plaintiff nor Defendants acknowledge or imply that the opposing party or parties' allegations, claims or defenses in this litigation possess merit, and (2) neither Plaintiff nor Defendants acknowledge or

imply that their own allegations, claims or defenses lack merit. Instead, each party represents that the terms and conditions below represent a compromise that is designed to save them and the Court system the heavy expenditures of time and money required to litigate this matter to conclusion.

8. The parties, as shown by their signatures below, have agreed to waive (1) any rights that they might have to a jury trial in this matter, (2) any right to have the entry of this Judgment by Consent and Agreed Permanent Injunction reviewed by the appellate courts (although all parties may litigate and appeal any action to enforce alleged violations of this Judgment by Consent and Agreed Permanent Injunction), or (3) any claim, allegation, cause of action, penalties, restitution, fees (including attorneys' fees), or costs relating to or arising out of this Action; provided, however, that the parties agree that the Settlement Payment to the State may be used for purposes set forth in Section II(2) below.

II. CONCLUSIONS OF LAW

The Court has the authority to enter the following Permanent Injunction and Consent Judgment in order to dispose of all claims of all parties in this Action:

IT IS THEREFORE ORDERED ADJUDGED AND DECREED THAT:

1. Each of the Defendants, together with their corporate officers, employees, agents, representatives, successors and assigns, are permanently enjoined from sending printed solicitations or offers for services ("Future Solicitations") that are targeted to companies situated or known to the Defendants to be incorporated in the state of North Carolina unless such Future Solicitations comply with the following:

a. All printed Future Solicitations shall clearly and conspicuously disclose and

reflect that the Future Solicitation is an offer for solicitation of commercial services and is not approved or endorsed by a governmental agency. In addition, the Future Solicitation shall comply with the following conditions:

(i) All envelopes containing a Future Solicitation (but not including a return envelope provided by Defendants) must state in a clear and conspicuous manner that the mailing is not a government document.

(ii) No Future Solicitation or accompanying envelope shall display any street address, CMRA address, post office box address or other address situated in or naming either Raleigh, North Carolina or Research Triangle Park, North Carolina.

(iii) Defendant's corporate name shall be included on the Future Solicitation.

(iv) All printed Future Solicitations shall contain, in the first full paragraph in the body of the document (i.e., exclusive of page headers and recipient's mailing information), in conspicuous and legible type that is 2 font points larger than the next largest font point size of other text within the body of the document a disclaimer that says: **"THIS IS AN OFFER OF COMMERCIAL SERVICES. IT IS NOT APPROVED OR ENDORSED BY ANY GOVERNMENTAL AGENCY."** The Disclaimer shall be in boldface type or in all capital letters, and shall not be immediately preceded, followed, or surrounded, by words, symbols or other matter, including matter that introduces, that modifies or qualifies or explains the required text, such as, but not limited to,

“Legal notice required by law.”

b. No printed Future Solicitation, accompanying instructions, or envelopes shall contain content that makes the Future Solicitation appear to have been issued by a governmental agency or language indicating that the failure to respond to the Future Solicitation will result in penalties or other governmental enforcement action, and the Future Solicitation shall comply with the following conditions:

(i) No printed Future Solicitation, accompanying instructions or envelopes shall contain any graphic, insignia, or “seal” that reasonably appears to be that of a governmental agency.

(ii) No printed Future Solicitation, accompanying instructions, or envelopes shall contain incorporation dates for the company receiving the Future Solicitation.

(iii) No printed Future Solicitation, accompanying instructions, or envelopes, shall contain the words “Notice,” “Notice Date,” “Mandatory,” or “Warning.” In addition, no solicitation shall use the word “Required” or “Requirement” in the title or heading of the document.

(iv) No printed Future Solicitation, accompanying instructions, or envelopes shall: (1) recite more than two North Carolina statutory provisions on any single page, (2) recite any North Carolina statutory provision more than once on any single page, (3) recite any administrative regulation or judicial authority, or (4) contain any additional language indicating that the failure to respond to the Future Solicitation will result in penalties or other governmental enforcement

action.

c. No reference to North Carolina law may be made in Future Solicitations that are targeted to foreign corporations registered to do business in North Carolina.

d. Defendants agree to refrain from sending any Future Solicitations between February 15 and April 30 of each year to avoid any possibility that a corporation could believe that responding to Defendants' Future Solicitation would satisfy the requirement to file an annual report or pay any annual filing fee.

2. With the consent of the parties, Defendants have tendered the sum of \$25,000.00 (Twenty five thousand and no/100 Dollars) to Plaintiff in full settlement of any and all claims, actions, causes of actions, penalties, restitution, attorneys' fees or other obligations arising from the matters asserted in Plaintiff's Complaint. Plaintiff shall apply this payment to consumer restitution, attorneys' fees, costs, consumer education, enforcement, or other consumer protection purposes, at the discretion of the Attorney General. The parties agree that this payment does not constitute a civil monetary penalty.

3. Nothing herein is deemed to resolve the question (1) whether any solicitation constitutes the practice of law in North Carolina or (2) whether Defendant Corporate Services is required to obtain a certificate of authority to do business in North Carolina.

4. If the Attorney General objects to a Future Solicitation and the parties are unable to resolve the objection, the parties agree that either of them may ask this Court to determine whether the Future Solicitation violates the provisions of this order or other applicable law. The parties further agree to engage in good faith attempts to resolve any disputes arising out of this Permanent Injunction before filing any actions with the Court.

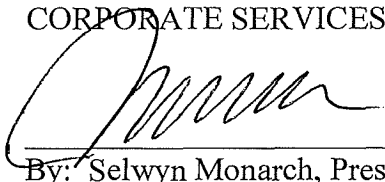
5. The Court retains jurisdiction in this cause in order to ensure the parties' compliance with the foregoing provisions and to entertain any appropriate motions or actions to modify or interpret the provisions of this Order.

This the 10 day of March, 2011.

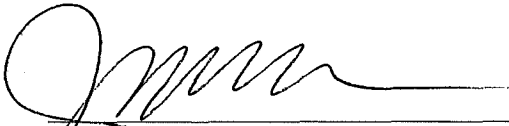

SUPERIOR COURT JUDGE

WE CONSENT:

CORPORATE SERVICES, INC.

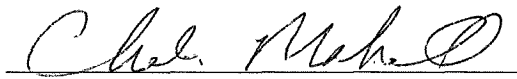


By: Selwyn Monarch, President



Selwyn Monarch, in his individual capacity

BROOKS, PIERCE, McLENDON,
HUMPHREY, & LEONARD, L.L.P.



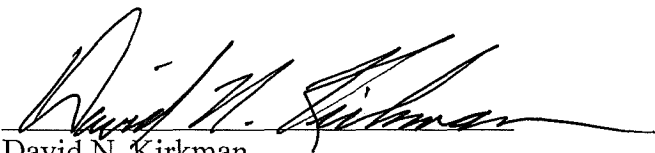
Charles F. Marshall



Eric M. David

Attorneys for Defendants

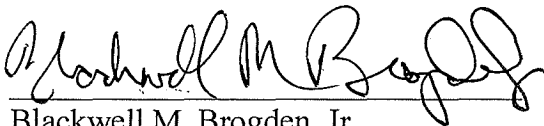
STATE OF NORTH CAROLINA



David N. Kirkman

Assistant Attorney General

NC Department of Justice



Blackwell M. Brogden, Jr.

Enforcement Attorney

NC Department of the Secretary of State

Attorneys for Plaintiffs

(Business Corporations)

Corporation Number: 714504
Incorporation Date: 03/04/2004

NORTH CAROLINA GENERAL STATUTES CHAPTER 55-7-01(a): "A corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws". NORTH CAROLINA GENERAL STATUTES CHAPTER 55-16-01(a): "A corporation shall keep as permanent records minutes of all meetings of its incorporators, shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting..." You can engage an attorney to prepare them, prepare them yourself, use some other service company or use our services. THIS PRODUCT HAS NOT BEEN APPROVED OR ENDORSED BY ANY GOVERNMENT AGENCY AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF THE GOVERNMENT.

Please complete this Annual Minutes Requirement Statement and mail the completed form together with the fee of \$125.00 payable to COMPLIANCE SERVICES in the enclosed envelope by reply date. All information will be treated as private and confidential and will not be available to others. E-mail us at corpcompliance@cornsrv.com with any questions.

E-Mail Address:

Name (Required):

Name;

Name:

Name:

6. Name (Required):

7. Name:

8. Name:

9. Name:

10. Shareholder Name (Required):

No. of Shares (Required):

11. Shareholder Name:

No. of Shares:

12. Shareholder Name:

No. of Shares:

13. Shareholder Name:

No. of Shares:

NORTH CAROLINA GENERAL STATUTES CHAPTER 55-16-01(a): "A corporation shall keep as permanent records minutes of all meetings of its incorporators, shareholders and board of directors, a record of all actions or board of directors without a meeting..." Maintaining records is important to the existence of all corporations. **EXHIBIT** Meeting of shareholder and

Q2009 COMPLIANCE SERVICES

NCIA

EXHIBIT

CS FORM MTN-NC083

RTA 171

07/13/2009 14:30 FAX

**INSTRUCTIONS FOR COMPLETING THE ANNUAL MINUTES REQUIREMENT
STATEMENT (FORM CS MIN-NC083)**

Review the accuracy of the preprinted corporate name and address and make any changes necessary.
PLEASE PRINT CLEARLY.

- Line 1 Enter the name and e-mail address of the person to contact if we have any questions.
- Line 2 **(Required)** Enter the title of an Officer and the name of the Officer. You must have at least one officer.
- Lines 3-5 Enter the titles and names of any additional Officers.
- Lines 6 **(Required)** Enter the name of a member of the Board of Directors. Members of the Board of Directors must be at least 18 years of age.
- Lines 7-9 Enter the names of any additional members of the Board of Directors.
- Lines 10-13 **(Required)** Enter the name of each Shareholder and the number of shares issued to each of them. If no stock has been issued, enter "none". You must account for 100% of the outstanding stock.

Please note: All items marked (Required) must be completed or we will not be able to prepare the documents.

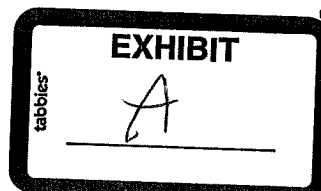
Submit the Annual Minutes Requirement Statement (CS FORM MIN-NC083) together with payment for preparation of documents to satisfy the annual minutes requirement for your corporation. Submit a check for \$125.00 payable to Compliance Services and mail to:

**COMPLIANCE SERVICES
324 S. WILMINGTON ST.
POSTAL MAIL BOX 407
RALEIGH, NC 27601**

Completed documents will be mailed to you within four weeks. Have each party sign the documents where indicated and file them in the minute book of the corporation

Maintaining records is important to the existence of all corporations; in particular the recording of shareholder and director meetings. You can engage an attorney to prepare them, prepare them yourself, use some other service company or use our services.

NORTH CAROLINA GENERAL STATUTES CHAPTER 55-7-01(a): "A corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws". NORTH CAROLINA GENERAL STATUTES CHAPTER 55-16-01(a): "A corporation shall keep as permanent records minutes of all meetings of its incorporators, shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting..."



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