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RECEIVED & FILED
SUPERIOR COURT

2010 SEP -7 A 11: 01

CIVIL DIVISION

Attorneys for Plaintiff
CENTURY 21 REAL ESTATE LLC

CENTURY 21 REAL ESTATE LLC,

Plaintiff,

v.

LAFFEY REAL ESTATE, INC., US 1 –
LAFFEY REAL ESTATE CORP., US 1-
ADAMS REAL ESTATE CORP., US 1 –
LAFFEY JANNACE REAL ESTATE CORP.,
US 1- LAFFEY OF NEW HYDE PARK, US 1 –
LAFFEY R.E. CORP., LAFFEY REAL ESTATE
OF JACKSON HEIGHTS LLC, MARK
LAFFEY, EMMETT LAFFEY, and PHILIP
LAFFEY,

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: MORRIS COUNTY

DOCKET NO.: MRS-L-2331-10

CIVIL ACTION

FIRST AMENDED COMPLAINT

Plaintiff Century 21 Real Estate LLC f/k/a Century 21 Real Estate Corporation (“Century 21”), for its Complaint against Defendants Laffey Real Estate, Inc., US 1 – Laffey Real Estate Corp., US 1 – Adams Real Estate Corp., US 1 – Laffey Jannace Real Estate Corp., US 1 – Laffey of New Hyde Park, US 1 Laffey R.E. Corp., Laffey Real Estate of Jackson Heights LLC (herein after “Laffey Defendants”), Mark Laffey, Emmett Laffey, and Philip Laffey hereby states as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff Century 21 Real Estate LLC is a limited liability company organized and existing under the laws of the State of Delaware, with its principal place of business located at One Campus Drive, Parsippany, New Jersey 07054.

2. Defendant Laffey Real Estate, Inc. is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 191 Hillside Avenue, Williston Park, NY 11596 f/d/b/a Century 21 Laffey Real Estate.

3. Defendant US 1 – Laffey Real Estate Corp. is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 249-02 Hillside Avenue, Bellerose, NY 11426 f/d/b/a Century 21 Laffey Associates.

4. Defendant US 1 – Adams Real Estate Corp. is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 55 Northern Boulevard, Greenvale, NY 11548 f/d/b/a Century 21 Laffey Real Estate.

5. Defendant US 1 – Laffey Jannace Real Estate Corp. is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 6336 Northern Boulevard, East Norwich, NY 11732 f/d/b/a Century 21 Laffey Associates.

6. Defendant US 1 – Laffey of New Hyde Park is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 1643 Hillside Avenue, New Hyde Park, NY 11040 f/d/b/a Century 21 Laffey Associates.

7. Defendant US 1 Laffey R.E. Corp. is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 735 Port Washington Boulevard, Port Washington, NY 11050 f/d/b/a Century 21 Laffey Associates.

8. Defendant Laffey Real Estate of Jackson Heights LLC is, upon information and belief, a corporation existing under the laws of the State of New York, with a principal place of business at 73-08 Northern Boulevard, Jackson Heights, NY 11372 f/d/b/a Century 21 Laffey Associates.

9. Defendant Mark Laffey is, upon information and belief, an individual and citizen of the State of New York whose home address is 135 E. Main Street, Oyster Bay, NY 11771. Upon

information and belief, Mark Laffey is an owner of Laffey Defendants and operates or operated a real estate brokerage under the businesses and/or fictitious names “Century 21 Laffey Associates” and “Century 21 Laffey Real Estate.”

10. Defendant Emmett Laffey is, upon information and belief, an individual and citizen of the State of New York whose home address is 840 Chicken Valley Road, Locust Valley, NY 11560. Upon information and belief, Emmett Laffey is an owner of Laffey Defendants and operates or operated a real estate brokerage under the businesses and/or fictitious names “Century 21 Laffey Associates” and “Century 21 Laffey Real Estate.”

11. Defendant Philip Laffey is, upon information and belief, an individual and citizen of the State of New York whose home address is 432 Ocean Avenue, Fire Island Pines, NY 11722. Upon information and belief, Philip Laffey is an owner of Laffey Defendants and operates or operated a real estate brokerage under the businesses and/or fictitious names “Century 21 Laffey Associates” and “Century 21 Laffey Real Estate.”

12. This Court has personal jurisdiction over Defendants by virtue of, among other things, Sections 25 and 22.7 of the Century 21 Real Estate Franchise Agreements by and between Laffey Defendants and Century 21, described in more detail below, pursuant to which Laffey Defendants consented to the non-exclusive personal jurisdiction of the State and Federal courts of New Jersey with respect to any litigation pertaining to the Franchise Agreements (as hereafter defined) or to any aspects of the business relationship between the parties.

13. Venue is proper in this County pursuant to Section 25 and 22.7 of the Century 21 Real Estate Franchise Agreements by and between Laffey Defendants and Century 21, in which Defendants agree to venue in Morris County.

ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

A. The Twelve Franchise Agreements Between Century 21 and Laffey Defendants

14. Century 21 entered into twelve separate Franchise Agreements with Laffey Defendants for the operation of Century 21 real estate brokerage offices.

15. Set forth below are the office number, approved location and commencement date for each of the franchised offices:

Office Number	Approved Location	Franchise Agreement Commencement Date
001	191 Hillside Avenue, Williston Park, NY 11596	7/15/1997
002	191 Hillside Avenue, Williston Park, NY 11596	7/15/1997
003	249-02 Hillside Avenue, Bellerose, NY 11426	10/28/1999
004	6336 Northern Boulevard, East Norwich, NY 11732	7/15/1997
006	20 Miller Place, Syosset, NY 11791	7/15/1997
007	1643 Hillside Avenue, New Hyde Park, NY 11040	7/15/1997
009	241 Post Avenue, Westbury, NY 11590	3/24/1999
010	735 Port Washington Boulevard, Port Washington, NY 11050	2/1/2000
013	200 Middle Neck Road, Great Neck, NY 11021	12/1/2000
017	255-01 Northern Boulevard Little Neck, NY 11363	5/4/2000
020	116 Plandome Road, Manhasset, NY 11030	3/1/06
022	73-08 Northern Boulevard, Jackson Heights, NY 11372	11/09/09

(True and correct copies of the Franchise Agreements for the twelve offices are attached hereto as Exhibits “A” – “L” respectively.) (The agreements are collectively referred to as the “Franchise Agreements.”) (The agreement for offices 001 – 007, 009, 010, 013, and 017 shall be referred as to

“Franchise Agreement I,” the agreements for offices 020 and 022 shall be referred as to “Franchise Agreement II” and the approved locations as the “Offices.”)

16. Except as otherwise noted herein, the Franchise Agreements are substantially the same in all material respects.

B. Specific Terms of the Franchise Agreements

17. Pursuant to the Franchise Agreements, Laffey Defendants was obligated to operate the Century 21 real estate brokerage offices for a period of either ten (10) or twelve (12) years. During this time, Laffey Defendants were permitted to use the Century 21 Marks (as defined in the Franchise Agreements) in association with the operation of its Century 21 real estate brokerage business as part of Century 21’s franchise system, provided that the Franchise Agreements were fully and timely performed by Laffey Defendants. By agreement, all Franchise Agreements were made co-terminous and are not due to expire until November 1, 2010.

18. Pursuant to Section 8 of Franchise Agreement I and Section 7 of Franchise Agreement II, Laffey Defendants agreed to pay to Century 21, among other things, a franchise royalty fee equal to six percent (6%) of the gross revenues earned during the course of the Franchise Agreements (“Royalty Fees”).

19. Pursuant to Section 9 of Franchise Agreement I and Section 8 of Franchise Agreement II, Laffey Defendants agreed to pay to Century 21 a monthly national marketing fee equal to two percent (2%) of the gross revenue earned, subject to minimum and maximum requirements, which amount could be raised in Century 21’s sole discretion (“NAF Contributions”).

20. Pursuant to Section 11 of Franchise Agreement I, Laffey Defendants agreed to pay interest at either the lower rate of either the highest rate allowed by law or a rate that is 5% points per annum higher than the prime rate then currently established by the largest bank headquartered

in New York, for any payment, including NAF Contributions, that it did not timely pay. Pursuant to Section 11 of Franchise Agreement II, Laffey Defendants agreed to pay interest for any payment, including NAF Contributions, that it did not timely pay, at the lower rate of either the highest rate allowed by law or 18% per annum simple interest (1.5% per month).

21. Pursuant to Section 11 of Franchise Agreement I and Section 13 of Franchise Agreement II, Laffey Defendants agreed to allow Century 21 to review and audit its business records, bookkeeping and accounting records, sales and income tax records and returns, and other records to verify the gross revenues earned and Royalty Fees, NAF Contributions and other fees due to Century 21.

22. Pursuant to Section 17 of Franchise Agreement I and Section 16 of Franchise Agreement II, Century 21 could terminate the Franchise Agreements for various reasons including if Laffey Defendants failed to pay or report transactions.

23. In the event the Franchise Agreements are terminated early and while this action is pending, Century 21 is also entitled to liquidated damages pursuant to Section 19 of Franchise Agreement I and Section 16.7.2 of Franchise Agreement II. These damages shall be calculated as equal to the combined monthly average of all fees payable under the respective franchise agreement from the Effective Date of the agreement through the date of early termination, multiplied by the number of months (or partial months) remaining in the term of the agreement. Under the agreements' formula, this amount is then discounted eight (8%) percent to account for present day value.

24. Pursuant to Section 20 of Franchise Agreement I and Section 22.11 of Franchise Agreement II, Laffey Defendants agreed that, in the event an action was instituted in connection with the Franchise Agreements, the prevailing party would be entitled to recover its reasonable attorneys' fees and costs.

C. The Personal Guaranty

25. As an inducement for Century 21 to enter the Franchise Agreements, Mark Laffey, Emmett Laffey, and Philip Laffey provided Century 21 with a personal guaranty of Laffey Defendants' obligations under the Franchise Agreements ("Guaranty"). (A true copy of the Guaranty is attached hereto as Exhibit M.)

26. Pursuant to the terms of the Guaranty, Mark Laffey, Emmett Laffey, and Philip Laffey, among other things, guaranteed to Century 21 "the full performance and observance of all of the covenants, conditions and agreements provided to be performed and observed by [Laffey Defendants] under [the Franchise Agreements]."

27. Pursuant to the terms of the Guaranty, Mark Laffey, Emmett Laffey, and Philip Laffey specifically agreed to pay the costs, including attorneys' fees, incurred by Century 21 in enforcing its rights or remedies under the Guaranty or the Franchise Agreements.

D. The Development Advance Promissory Note

28. In order to assist U.S. 1 Laffey R.E. Corp. in the establishment of its Offices, Century 21 agreed to lend to Defendants certain sums. In connection with these loans, U.S. 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey executed a Development Advance Promissory Note ("DAN"). The DAN is dated November 15, 2001 and is in the principal amount of \$60,000.00. (A true copy of the DAN is attached hereto as Exhibit N.)

29. The DAN provides the principal balance due and owing from U.S. 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey to Century 21. The DAN would be amortized and forgiven at the rate of 1/9th for each full calendar year completed under the Franchise Agreements, provided that U.S. 1 Laffey R.E. Corp. was not in default with respect to the Franchise Agreements and also satisfied certain performance obligations set forth in the DAN. In the event that U.S. 1 Laffey R.E. Corp. was in default under the Franchise Agreements and/or

failed to satisfy the performance obligations set forth in the DAN, U.S. 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey were obligated to make annual payments on the DAN to Century 21 as set forth therein.

30. Pursuant to the terms of the DAN, Century 21 has the right to declare a default and immediately accelerate the unpaid principal balance and all accrued interest thereon, without presentment for payment or any notice of demand, *inter alia*, “upon termination or expiration of any agreement between [Century 21] and [U.S. 1 Laffey R.E. Corp.]” or upon default of the Franchise Agreements by U.S. 1 Laffey R.E. Corp.

31. Pursuant to the terms of the DAN, in the event U.S. 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey “fail[ed] to make any payment when due, including any amount due upon acceleration of [these] Note[s], the entire outstanding Principal shall thereafter bear simple interest at a rate equal to the lesser of eighteen percent (18%) per annum or the highest rate allowed by law from its due date until paid in full.”

32. The DAN also provided that in the event “any legal action is necessary to enforce or collect [this DAN], the prevailing party shall be entitled to reasonable attorney’s fees (including in-house attorneys) and court costs and all costs of collection.”

E. The Security Agreement

33. Concurrent with the execution of the DAN, U.S. 1 Laffey R.E. Corp. entered into separate security agreement with Century 21 to secure its obligations to Century 21 under the Franchise Agreements, DAN and “all other agreements” between the parties (the “Security Agreements”). (A true copy of the Security Agreement is attached hereto as Exhibit O.) Mark Laffey, Emmett Laffey, and Philip Laffey also executed the Security Agreement issued in connection with the DAN.

34. The Security Agreement granted Century 21 a security interest in certain collateral described as follows: “all of the furniture, furnishings, equipment, real estate listings and listing agreements and related rights which are located at or related to the residential real estate brokerage business conducted by [U.S. 1 Laffey R.E. Corp.] and including the proceeds and products therefrom and any and all substitutions, replacements, additions and accessions thereto and to Volume Incentive to which [U.S. 1 Laffey R.E. Corp.] may be entitled pursuant to any franchise agreements entered into with [Century 21], together with all such rights and property hereafter acquired by [U.S. 1 Laffey R.E. Corp.] (collectively, the “Collateral”) ...”

35. The Security Agreement provides that, *inter alia*, the following events constitute an event of default thereunder: “(a) [t]he failure by [U.S. 1 Laffey R.E. Corp.] to pay any amount when due under the terms and provisions of the [DAN] ...”or ... “(b) [U.S. 1 Laffey R.E. Corp.’s] breach of any term, provision, warranty or representations set forth herein or in the Franchise Agreements, or in any other agreement between [Laffey Defendants] and [Century 21].”

36. The Security Agreement provide that in the event of a default, Century 21 may, *inter alia*, declare all obligations secured immediately due and payable and enforce the security interest.

37. The Security Agreement further provides that in the event either party commences litigation against the other with respect to the Security Agreements, or its interpretation or enforcement, the prevailing party shall be entitled to reasonable attorneys’ fees and court costs.

F. The Defaults of the Franchise Agreements

38. Laffey Defendants repeatedly breached, *inter alia*, Sections 8 and 9 of Franchise Agreement I and Sections 7 and 8 of Franchise Agreement II by failing to report and pay on closed transactions.

39. By letters dated August 2, 2010, Century 21 gave Defendants notice of the default and its intent to terminate the Franchise Agreements if Defendants failed to cure the defaults by September 5, 2010. (True Copies of the August 2, 2010 Intent to Terminate letters are annexed hereto as Exhibit P.)

40. Defendants failed to cure the defaults on or before September 5, 2010, or at any time since then.

41. As a result, by letter dated September 7, 2010, Century 21 notified Defendants that it was exercising its right to terminate the Franchise Agreements, effective September 7, 2010, and demanded payment of all outstanding fees. (True copies of the September 7, 2010 Termination letters are annexed hereto as Exhibit Q.)

42. Pursuant to the Franchise Agreement, all amounts owed for the Office were due as of the termination date.

FIRST CLAIM FOR RELIEF
AGAINST LAFFEY REAL ESTATE, INC.
(Breach of Contract: Franchise Agreements)

43. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 42 of the Complaint.

44. As set forth above, Century 21 and Laffey Real Estate, Inc. entered into Franchise Agreements for Offices Nos. 001, 004, and 009, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and Laffey Real Estate, Inc. agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibit A, D and G.

45. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreements.

46. Laffey Real Estate, Inc. has breached the Franchise Agreements in at least the following ways:

- (a) by failing to pay at least \$30,766.25 owed for Office 001 for royalty fees, NAF fees and other franchise fees,
- (b) by failing to pay at least \$13,995.94 owed for Office 004 for royalty fees, NAF fees and other franchise fees,
- (c) by failing to pay at least \$15,194.21 owed for Office 009 for royalty fees, NAF fees and other franchise fees.

47. As a result of Laffey Real Estate, Inc.'s breach of the Franchise Agreements for Offices 001, 004, and 009, Century 21 has been damaged in the amount of at least \$59,956.40, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

48. Pursuant to the Franchise Agreements, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against Laffey Real Estate, Inc. in the amount of \$59,956.40 together with interest, attorneys' fees and costs.

SECOND CLAIM FOR RELIEF
AGAINST US 1 – LAFFEY REAL ESTATE CORP.
(Breach of Contract: Franchise Agreements)

49. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 48 of the Complaint.

50. As set forth above, Century 21 and Laffey Real Estate Corp. entered into Franchise Agreements for Offices Nos. 002 and 020, whereby Century 21 agreed to provide a non-exclusive

license for its trademarks and marketing system and Laffey Real Estate Corp. agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibits B and K.

51. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreements.

52. Laffey Real Estate Corp. has breached the Franchise Agreements in at least the following ways:

- (a) by failing to pay at least \$18,826.23 owed for Office 002 for royalty fees, NAF fees and other franchise fees,
- (b) by failing to pay at least \$14,023.65 owed for Office 020 for royalty fees, NAF fees and other franchise fees,

53. As a result of Laffey Real Estate Corp.'s breach of the Franchise Agreements for Offices 002 and 020, Century 21 has been damaged in the amount of at least \$32,849.88, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

54. Pursuant to the Franchise Agreements, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against Laffey Real Estate Corp. in the amount of \$32,849.88, together with interest, attorneys' fees and costs.

THIRD CLAIM FOR RELIEF
AGAINST US 1 – ADAMS REAL ESTATE CORP.
(Breach of Contract: Franchise Agreement)

55. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 54 of the Complaint.

56. As set forth above, Century 21 and US 1 – Adams Real Estate Corp. entered into a Franchise Agreement for Office No. 003, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and US 1 – Adams Real Estate Corp. agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibit C.

57. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreement. US 1 – Adams Real Estate Corp. has breached the Franchise Agreement, for Office 003, by failing to pay at least \$56,523.64 owed for royalty fees, NAF fees and other franchise fees.

58. As a result of US 1 – Adams Real Estate Corp.'s breach of the Franchise Agreement for Office 003, Century 21 has been damaged in the amount of at least \$56,523.64, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

59. Pursuant to the Franchise Agreement, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against US 1 – Adams Real Estate Corp. in the amount of \$56,523.64, together with interest, attorneys' fees and costs.

FOURTH CLAIM FOR RELIEF
AGAINST US 1 – LAFFEY JANNACE REAL ESTATE CORP.
(Breach of Contract: Franchise Agreement)

60. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 59 of the Complaint.

61. As set forth above, Century 21 and US 1 – Laffey Jannace Real Estate Corp. entered into a Franchise Agreement for Office No. 006, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and US 1 – Laffey Jannace Real Estate Corp. agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibit E.

62. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreement. US 1 – Laffey Jannace Real Estate Corp. has breached the Franchise Agreement, for Office 006, by failing to pay at least \$16,732.97 owed for royalty fees, NAF fees and other franchise fees.

63. As a result of US 1 – Laffey Jannace Real Estate Corp.'s breach of the Franchise Agreement for Office 006, Century 21 has been damaged in the amount of at least \$16,732.97, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

64. Pursuant to the Franchise Agreement, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against US 1 – Laffey Jannace Real Estate Corp. in the amount of \$16,732.97, together with interest, attorneys' fees and costs.

FIFTH CLAIM FOR RELIEF
AGAINST US 1 – LAFFEY OF NEW HYDE PARK
(Breach of Contract: Franchise Agreement)

65. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 64 of the Complaint.

66. As set forth above, Century 21 and US 1 – Laffey of New Hyde Park entered into a Franchise Agreement for Offices No. 007, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and US 1 – Laffey of New Hyde Park agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibit F.

67. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreement.

68. US 1 – Laffey of New Hyde Park has breached the Franchise Agreement for Office 007 by failing to pay at least \$19,863.83 owed for royalty fees, NAF fees and other franchise fees.

69. As a result of US 1 – Laffey of New Hyde Park’s breach of the Franchise Agreement for Office 007, Century 21 has been damaged in the amount of at least \$19,863.83, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

70. Pursuant to the Franchise Agreement, Century 21 is also entitled to the recovery of reasonable attorneys’ fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against US 1 – Laffey of New Hyde Park in the amount of \$19,863.83, together with interest, attorneys’ fees and costs.

SIXTH CLAIM FOR RELIEF
AGAINST US 1 LAFFEY R.E. CORP.
(Breach of Contract: Franchise Agreements)

71. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 70 of the Complaint.

72. As set forth above, Century 21 and US 1 Laffey R.E. Corp. entered into Franchise Agreements for Offices Nos. 010, 013, 017, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and US 1 Laffey R.E. Corp. agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibits H, I, and J.

73. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreements.

74. US 1 Laffey R.E. Corp. has breached the Franchise Agreements in at least the following ways:

- (a) by failing to pay at least \$21,133.60 owed for Office 010 for royalty fees, NAF fees and other franchise fees,
- (b) by failing to pay at least \$44,549.52 owed for Office 013 for royalty fees, NAF fees and other franchise fees,
- (c) by failing to pay at least \$15,620.00 owed for Office 017 for royalty fees, NAF fees and other franchise fees.

75. As a result of US 1 Laffey R.E. Corp.'s breach of the Franchise Agreements for Offices 010, 013, and 014, Century 21 has been damaged in the amount of at least \$81,303.12, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

76. Pursuant to the Franchise Agreements, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against US 1 Laffey R.E. Corp. in the amount of \$81,303.12, together with interest, attorneys' fees and costs.

SEVENTH CLAIM FOR RELIEF
AGAINST US 1 – LAFFEY REAL ESTATE OF JACKSON HEIGHTS LLC
(Breach of Contract: Franchise Agreement)

77. Century 21 repeats and makes a part hereof each and every allegation set forth in Paragraphs 1 through 76 of the Complaint.

78. As set forth above, Century 21 and US 1 – Laffey Real Estate of Jackson Heights LLC entered into a Franchise Agreement for Offices No. 022, whereby Century 21 agreed to provide a non-exclusive license for its trademarks and marketing system and US 1 – Laffey Real Estate of Jackson Heights LLC agreed to certain monetary and non-monetary obligations as more fully set forth in Exhibit J.

79. Century 21 has performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Franchise Agreement. US 1 – Laffey Real Estate of Jackson Heights LLC has breached the Franchise Agreement for Office 022 by failing to pay at least \$6,244.02 owed for royalty fees, NAF fees and other franchise fees.

80. As a result of US 1 – Laffey Real Estate of Jackson Hights LLC breach of the Franchise Agreement for Office 022, Century 21 has been damaged in the amount of at least \$6,244.02, with additional damages in an amount to be proven at trial based on the facts alleged herein, including but not limited to interest and costs.

81. Pursuant to the Franchise Agreement, Century 21 is also entitled to the recovery of reasonable attorneys' fees and costs if it prevails in this action.

WHEREFORE, Century 21 demands judgment against US 1 – Laffey Real Estate of Jackson Heights LLC in the amount of \$6,244.02, together with interest, attorneys’ fees and costs.

EIGHTH CLAIM FOR RELIEF
AGAINST US 1 LAFFEY R.E. CORP., MARK LAFFEY,
EMMETT LAFFEY, AND PHILIP LAFFEY

(Breach of Contract -- \$60,000 Development Advance Promissory Note)

82. Century 21 repeats and makes a part hereof each and every allegation contained in Paragraphs 1 through 81 of the Complaint.

83. As set forth above, Century 21 and US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey entered into a DAN whereby Century 21 loaned them the sum of Sixty Thousand Dollars (\$60,000.00) and they promised to repay this sum by yearly payments of one-ninth of the principal of the DAN if they failed to perform certain conditions of the DAN.

84. Century 21 has performed all conditions, covenants and promises required on its part to be performed in accordance with the terms and conditions of the DAN.

85. As a result of US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey’s breach of the DAN, Century 21 has been damaged in the amount of \$6,667.00, which is the unamortized principal balance presently due and owing under the DAN, plus interest as provided for in the DAN.

86. As a result of US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey’s failure to pay the unamortized principal balance due and owing under the DAN, Century 21 has been damaged in the amount of \$6,667.00, exclusive of pre- and post-judgment interest, and Century 21’s costs and attorneys’ fees incurred in bringing this action.

WHEREFORE, Century 21 demands judgment against Defendants in the amount of \$6,667.00, plus interest, attorneys’ fees and costs.

NINTH CLAIM FOR RELIEF
AGAINST MARK LAFFEY, EMMETT LAFFEY, AND PHILIP LAFFEY
(Breach of Contract -- Guaranty)

87. Century 21 repeats and makes a part hereof each and every allegation contained in Paragraphs 1 through 86 of the Complaint.

88. Pursuant to the terms of the Guaranty, Mark Laffey, Emmett Laffey, and Philip Laffey agreed, among other things, that upon a default of the Franchise Agreements, the DAN or any other agreements between the parties, they would immediately make each payment and perform all obligations required of Laffey Defendants under those agreements.

89. Despite their obligations to do so, Mark Laffey, Emmett Laffey, and Philip Laffey, have failed to make any payments or perform or cause Laffey Defendants to perform its obligations under the Franchise Agreements.

90. As a result of Mark Laffey, Emmett Laffey, and Philip Laffey's breach of the Guaranty, Century 21 has been damaged in the amount of at least \$280,140.86, with additional damages in an amount to be proven at trial based on the fact alleged herein, including but not limited to interest and costs. Since Century 21 has not yet chosen to terminate Laffey Defendants for its breaches of the Franchise Agreements, as it is entitled to do under those agreements, and Laffey Defendants, Mark Laffey, Emmett Laffey, and Philip Laffey's obligations to Century 21 continue after the filing of this action, Century 21 is entitled to any additional fees that become due under the Franchise Agreements until a judgment is rendered including but not limited to liquidated damages.

WHEREFORE, Century 21 demands judgment against Mark Laffey, Emmett Laffey, and Philip Laffey in the amount of \$280,140.86, plus interest, attorneys' fees and costs.

TENTH CLAIM FOR RELIEF
AGAINST LAFFEY DEFENDANTS
(Audit Demand/Accounting)

91. Century 21 repeats and makes a part hereof each and every allegation contained in Paragraphs 1 through 90 of the Complaint.

92. Pursuant to the Franchise Agreements, Laffey Defendants agreed, among other things, to pay certain fees to Century 21 including royalties and national advertising fees. Laffey Defendants also agreed pursuant to Section 11 of Franchise Agreement I and Section 13 of Franchise Agreement II to allow Century 21 to review and audit Laffey Defendants' business records to verify the gross revenues of its Offices, upon which its fees are based. At the time of the filing of this Complaint, Century 21 is aware of sums owing from Laffey Defendants to Century 21 in the amount of at least \$280,140.86, not including interest, costs and attorneys' fees.

93. Century 21 is informed and believes that Laffey Defendants owes additional sums under the Franchise Agreements beyond the amount set forth above, based on, among other things, sales of real estate not reported but for which franchise fees are due and owing. However, Century 21 is unable to ascertain the full amount owed by Laffey Defendants without an accounting or audit of Laffey Defendants' books and records. The additional amounts owed are within Laffey Defendants' knowledge as these amounts are based on transactions in which Laffey Defendants participated.

94. Century 21 has demanded an accurate accounting of any additional sales transactions or amounts that may be owed to Century 21, and Laffey Defendants has refused to provide this information.

WHEREFORE, Century 21 demands judgment ordering that Laffey Defendants account to Century 21 for any and all revenue derived as a result of marketing, promoting, or selling real estate brokerage or ancillary services from the inception of the Franchise Agreements through the

date of judgment herein, and awarding damages for additional sums due under the Franchise Agreements for sales of real estate not reported but for which Royalty Fees, NAF Contributions and other fees are due.

ELEVENTH CLAIM FOR RELIEF
AGAINST LAFFEY DEFENDANTS
(Unjust Enrichment)

95. Century 21 repeats and makes a part hereof each and every allegation contained in Paragraphs 1 through 94 of the Complaint.

96. During the course of the Franchise Agreements, Century 21 provided services to Laffey Defendants, which services included but were not limited to non-exclusive licenses to use Century 21's trademarks, marketing system and other proprietary information and property. Laffey Defendants knew that these services were being provided by Century 21 and it accepted them and used them.

97. Despite its obligation to do so, Laffey Defendants has failed to pay certain Royalty Fees, NAF Contributions and other fees to Century 21 due and owing under the Franchise Agreements in the amount of at least \$280,140.86.

98. Laffey Defendants' failure to compensate Century 21 constitutes unjust enrichment and has damaged Century 21 in an amount to be determined at trial but of not less than \$280,140.86.

WHEREFORE, Century 21 demands judgment against Laffey Defendants in the amount of at least \$280,140.86, together with interest, attorneys' fees and costs.

TWELFTH CLAIM FOR RELIEF
AGAINST US 1 LAFFEY R.E. CORP., MARK LAFFEY,
EMMETT LAFFEY, AND PHILIP LAFFEY

(Replevin)

99. Century 21 repeats and makes a part hereof each and every allegation contained in Paragraphs 1 through 98 of the Complaint.

100. Pursuant to the Security Agreement, US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey granted Century 21 a security interest in the Collateral.

101. Due to US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey's defaults under the terms of the Franchise Agreement and the DAN, Century 21 is entitled to immediate possession of the Collateral.

102. Upon information and belief, none of the Collateral is under custody of law by virtue of a warrant for the collection of any tax, fine, judgment or execution.

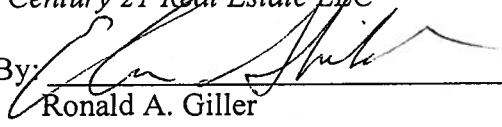
103. Century 21 does not have sufficient information at this time to estimate the value of the Collateral.

104. Century 21 is, and will continue to be, damaged by US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey's wrongful possession and detention of the Collateral.

WHEREFORE, Century 21 demands judgment ordering US 1 Laffey R.E. Corp., Mark Laffey, Emmett Laffey, and Philip Laffey to deliver possession of the Collateral to Century 21.

Dated: September 7, 2010

GORDON & REES LLP
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By: 

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