

Article Launched: 2/23/2006 01:00 AM

Quiznos franchisees order up two lawsuits Plaintiffs in potential class actions say the sub chain is selling territories, then delaying store openings.

By Kristi Arellano
Denver Post Staff Writer
DenverPost.com

Denver-based Quiznos is facing a pair of proposed class-action lawsuits over delays in getting locations approved for its franchisees.

Plaintiffs in both cases claim the toasted-sub chain is selling them franchise territories, failing to locate or approve sites, then threatening to terminate their franchise agreements because they have not opened stores within the required time. Such termination would result in the forfeiture of franchisee fees that start at \$25,000.

A Quiznos spokeswoman said Wednesday that the company "complies with all applicable laws" and will "vigorously" defend itself against the allegations in both suits.

Quiznos is reportedly on the market, although company officials have not commented on the potential sale.

"The Quiznos franchisees are taking this action because they have been financially injured," said attorney Justin Klein, who is representing the plaintiffs in a case filed last week in New Jersey Superior Court.

The case alleges "deceptive business practices" in the company's franchise sales method and demands that the company stop selling franchises in New Jersey until all existing franchisees get locations or are refunded their franchise fees.

Klein previously represented more than two dozen Quiznos franchisees in a similar suit that was settled under confidential terms last summer. He said he is pursuing a class-action case because of the number of franchisees in similar situations.

In a separate case filed in December in the Ontario Superior Court of Justice, the plaintiffs allege that the company is violating Canadian franchise law by not disclosing to potential franchisees full details and processes for securing locations.

Lead attorney Ben Hanuka of Toronto law firm Goldman, Sloan, Nash & Haber LLP said the company has been threatening to terminate the franchise agreements of franchisees who signed agreements after 2001 but have not been granted locations.

"A lot of class members who don't know about the case are at risk of compromising their rights" if they allow their agreements to be terminated, he said.

The lawsuit seeks compensation for loss of income and foregone opportunity cost.

Both suits must receive certification to proceed as class actions.

Staff writer Kristi Arellano can be reached at 303-820-1902 or karellano@denverpost.com.