

Breaking News

Another franchisee group sues Quiznos

GREEN BAY, Wis. (Nov. 21) - A group of Quiznos Subs franchisees filed a class-action lawsuit Monday in federal court here against the Denver-based franchisor of the 5,000-plus-unit chain, alleging the company has systematically defrauded its franchisees in a scheme to build the brand at the expense of operators in the field.

Quiznos officials did not respond by press time to requests for comment.

The lawsuit contends that the company forces franchisees to buy food and supplies from Quiznos or its affiliates at inflated prices while concurrently setting artificially low retail prices for the chain's products, making stores unprofitable. The suit seeks damages for lost investments as well as injunctive relief.

The class action suit was filed in Wisconsin because the state's laws are more favorable to franchisees, said the group's lawyer, Justin M. Klein, of the Red Bank, N.J. law firm of Marks & Klein, LLP. The 28 franchisees in the plaintiff group are all based in Wisconsin.

Klein represented a similar group of franchisees that filed a class action against Quiznos in New Jersey earlier this year.

Chris Bay, president of the Toasted Subs Franchisee Association, said the organization plans to file more lawsuits against Quiznos around the country.

The Wisconsin suit also names Richard E. Schaden and Richard F. Schaden, the father-son owners of Quiznos, as defendants. The Schadens took the company private in 2001.

Earlier this year, Quiznos announced that J.P. Morgan Partners, the private-equity division of J.P. Morgan Chase & Co. would acquire a significant share of Quiznos pursuant to undisclosed terms.

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