

Wisconsin Court Reverses Quiznos Judgment, Franchisees Claims Granted

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MILWAUKEE (Blue MauMau) – Federal Judge William Griesbach of the U.S. Eastern District Court of Wisconsin announced yesterday that he has granted the franchisees' motion to amend, and that the previous judgment entered on November 5, 2007, be vacated. The lawsuit was filed under *Westerfield, et al. v. The Quiznos Franchise Company LLC, et al.* The judge stated, "Plaintiff's civil RICO and fraud claims are reinstated, but since plaintiff's have not challenged the dismissal of their anti-trust claims, that part of the court's original decision and order remains in effect."

Judge Griesbach previously ruled dismissing the franchisees' claims without prejudice to allow them to pursue their allegations in state court. Based on their latest motion, he reviews three separate arguments that they claimed warranted reconsideration of his decision. The first claim showed that they acquired new evidence from another case which demonstrated that for at least three years Quiznos had a written corporate policy instructing its field reps that there was only one answer, "None", in the Acknowledgment form they were required to sign in becoming a franchisee. The question was whether they had received any information outside the disclosures contained in the UFOC disclosure information. Franchisees stated with new evidence they were instructed to write "none" even though they had relied on outside information.

The second claim was that the court misapplied clear Wisconsin law in resolving issues as to whether the Franchise Agreement was unconscionable. And third, was that the franchisees argued that their claim of RICO charges were not based on Quiznos' failure to disclose the fact that it was entitled to receive payments from the suppliers of goods and services they were required to purchase, or the amount they would receive. The franchisees argued that the fraud consisted of Quiznos' statement: "we and our affiliates negotiate purchase agreements with suppliers for the benefit of Franchisees." They argued that they falsely promised to negotiate for their benefit when it really used the agreements to extract exorbitant payments from them to the detriment of the franchisees.

Judge Griesbach also granted the franchisees motion to file an amended complaint, and stated that Quiznos shall file their responses within twenty days. Franchisees' motion for oral argument was denied.

Justin Klein, Marks & Klein, attorney for the franchisee plaintiffs said, "We are obviously very pleased with the decision. It is a rare occasion when a federal judge grants reconsideration. We look forward to presenting evidence to the Judge and proving our claims."

But on the other side, Rich Emmett, Chief Legal Officer of Quiznos, issued this statement, "We have tremendous respect for Judge Griesbach and his desire to be thorough in his review. This is not a decision on the merits. We remain confident, just as in Canada, when the Court views the facts in addition to the pleadings, it will conclude that Quiznos acted appropriately and that the claims brought against us lack any merit."