KENOSHA NEWS

1/16/04

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Friday's Edition

of the Kenosha News

BY ERIK BROOKS
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Wives of four former Snap-on Inc. dealers have filed lawsuits against the Kenosha-based toolmaker claiming that "false, fraudulent and misleading" business practices by the company led to the collapse of their husbands' franchises.

Snap-on, however, criticized the claims as being "without merit" and took specific issue with the attorney who is representing the women that filed their lawsuits this week in the Superior Court of New Jersey.

Attorney Gerald Marks is representing dozens of former Snap-on dealers in either lawsuits against the company or arbitration cases, but said the two recent filings involving dealers' wives are believed to be one of the first cases of a spouse not directly involved in a franchise suing a franchiser for damages.

"Mr. Marks represents a very small number of former dealers," according to a written statement from Snap-on released this week. "It is unfortunate that Mr. Marks is once again targeting our company in what we believe is nothing more than an attempt to drum up business for himself."

Responded Marks: "It's always good to shoot the messenger when you want to hide the bad news."

Snap-on manufactures automotive repair tools that are purchased by company dealers and resold to mechanics door-to-door through dealer vans.

Marks said the wives were victims of "franchise fraud," as franchisees run by their husbands folded, and they lost their initial investments of more than $150,000 and now owe Snap-on more than $715,000 combined.

Three of the women joined to file one lawsuit claiming that Snap-on knowingly assigned tool selling routes to their husbands that had an inadequate numbers of customers to remain profitable.

Another claims that Snap-on sold a second franchise to a dealer without informing him of its risks. That former dealer - New York-based Brian Casey, who the lawsuit said was 1998 Snap-on "Rookie Dealer of the Year" - lost his $40,000 initial investment and owes Snap-on $257,000 after being granted the second dealer route, Marks said.
The suits also claim Snap-on extended "excessive amounts of credit to dealers, inducing them to purchase more tools than they can resell to their customer base, ultimately causing them to go out of business."

Also, the lawsuits cite an arbitration agreement contained in Snap-on dealer contracts that limits dealers' abilities "to go to court to get back money that was unfairly taken from them."

Snap-on called a press release from Marks about the lawsuits "misleading," noting that Marks has filed similar lawsuits before and that a Superior Court of New Jersey judge found the arguments to be "specious" and stated that the "plaintiff's contentions appear to have little merit and, in some instances, are inherently contradictory."
The company said the "vast majority" of its growing number of dealers are happy with their franchises.

"We do all we can to help our dealers because, obviously, Snap-on succeeds when its dealers succeed," according to the company. "That said a franchise is like any other business - there is no guarantee of success."

More than a dozen women have formed a group called Wives Against Snap-on (WASO) and have set up a Web site (wwww.snap-onfranchisefraud.com) to further their cause against the company.