

# BUSINESS

## Settlement OK'd in Snap-on case

\$125M for current, ex-franchisees

By **DAVID P. WILLIS**  
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NEWARK — A U.S. District Court judge on Friday approved a settlement valued at more than \$125 million between Snap-on Tools Co. and former and current franchisees.

Middletown resident Richard Fortuna and Brick resident Paul Vladyka are among the former franchise owners who brought the class-action lawsuit against the Kenosha, Wis.-based tool seller.

Fortuna, who was a franchisee for about 10 years, said he was glad there was a settlement in the case. He is now a dealer for Cornwell Tools.

"It is hopefully going to make Snap-on treat their people better and be more fair with their franchisees," he said.

U.S. District Court Judge Dennis M. Cavanaugh on Friday approved the settlement, which affects 3,200 current Snap-on dealers and 2,900 former Snap-on dealers and ended three years of litigation.

Snap-on Tools makes tools and equipment for

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— *Ricahrd Fortuna,*  
*Middletown*

mechanics. It distributes its tools through a network of dealers, who visit mechanics and sell the tools out of a panel truck.

Red Bank lawyer Gerald A. Marks, who represented the plaintiffs, said he was pleased with the settlement.

"I am delighted with the settlement and agree with Judge Cavanaugh that the settlement is fair and reasonable," he said.

The former dealers alleged that because of deceptive business practices on the part of Snap-on, their franchises were caused to fail, according to court papers.

Franchisees are required to make minimum weekly purchases of

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product from Snap-on Tools, but those products could only be sold to a limited number of customers, according to the judge's decision.

The settlement includes about \$38 million that will be split among former and current dealers as well as for attorneys' fees, the company said earlier this week in a news release announcing its third-quarter earnings.

As named plaintiffs, Fortuna and Vladyka will each receive no more than \$50,000, according to court papers.

The remainder of the settlement includes the forgiveness of debt of former franchisees, which totals about \$61.6 million.

Snap-on also agreed to make changes to its franchise distribution model and business practices, such as reducing the required investment for initial inventory and improved initial training for new franchisees.

A Snap-on spokesman could not be reached for comment Friday.

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