

PITTSBURGH BUSINESS TIMES

LATEST NEWS

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GNC franchisees file lawsuit

A group of New Jersey franchisees has filed a lawsuit in federal court against GNC Franchising Inc., a subsidiary of General Nutrition Companies Inc., over what they called "predatory pricing" practices.

The lawsuit, filed in Newark, N.J., alleges that the company billed lower rates for products purchased by company-owned General Nutrition Center stores than those charged for products bought by franchisees.

The complaint also alleges that GNC Inc. "imposes arbitrary and inconsistent store appearance standards ... that discriminate against franchised locations," according to a news release issued by the law firm representing the franchisees.

Patrick Fitzgerald, a spokesman for General Nutrition Centers Inc., said in a prepared statement that the company had not yet received a copy of the complaint, but "we plan on vigorously defending the case."

"We are very proud of our franchise system, which has been recognized repeatedly for its commitment to quality franchising," Mr. Fitzgerald said in the statement. "In fact, GNC's franchise opportunity has been ranked the industry's No. 1 retail franchise 15 years in a row by Entrepreneur Magazine and has also been named 'America's best franchise' in recent years by Success Magazine and Franchise Times."

In addition to Pittsburgh-based GNC, a national retailer of vitamin, mineral, herbal and sports supplements, General Nutrition Distribution Co. and Apollo Management LLP, the parent of GNC, were also named as defendants in the litigation.

The plaintiffs include: Patrick Sullivan of Middletown, who has a franchise in Manville; Dan King of Scotch Plains, who has a franchise in Gillette; Nicolas Stefanou of Marlton, who has a franchise in Pennsville; and Robert Hasselbrook, who has a franchise in Whitehouse Station. Also joining the suit is Staten Island, N.Y. resident, Adam Silberstein, whose franchise is located in Middlesex, N.J., and the GNC Franchisee Association Inc., which represents nearly 400 franchisees throughout the United States.

In addition to seeking undisclosed compensatory damages, the franchisees are seeking punitive damages from GNC, according to the news release.