

LATEST NEWS
February 16, 2006

Franchisees sue Quiznos

Another group of Quiznos franchisees has sued the Colorado sandwich restaurant chain.

Several New Jersey franchisees filed suit against Quiznos in Middlesex County, N.J., on Feb. 16, according to an attorney for the plaintiffs. The franchisees seek an unspecified amount in damages because of Quiznos' alleged deceptive franchisee recruitment practices and failure to deal in good faith.

"The Quiznos franchisees are taking this action because they have been financially injured," Justin Klein, an attorney at Red Bank, N.J., law firm Marks & Klein, said in a statement.

Klein filed a similar suit by other New Jersey franchisees against in Quiznos in May 2005, and that action was settled.

The Denver restaurant chain's parent company, The [Quiznos Master LLC](#), recently has battled a handful of franchisee lawsuits.

Denver District Court judges tossed out two such suits -- one filed by Colorado franchisees and the other filed by franchisees in Arizona -- in August 2005. Plaintiffs in those cases accused Quiznos of allowing restaurants to encroach on each other, overcharging for food and supplies, and misusing advertising funds.

Started in 1981, Quiznos specializes in sub sandwiches served with toasted bread, and has more than 4,000 restaurants worldwide. The company is owned by Rick Schaden, a former Quiznos franchisee, and his father, Dick, who bought the company in 1991.

The Schadens took the company public in 1994, but returned it to private status in 2001. A shareholder group subsequently sued the Schadens, complaining their stock was worth more than the \$8.50 a share assigned by the company. A Denver judge found for the shareholders, valuing the deal at \$32.50 a share.