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## **Quiznos Settles Some Suits**

By SANDY SHORE 08.14.07, 3:50 PM ET

DENVER -

Quiznos, the nationwide sandwich shop chain, has agreed to settle a months-long dispute with a franchisee who has been one of its most vocal critics. The company is also working to resolve other legal complaints about alleged improper business practices.

Chris Bray of Killeen, Texas, who owns two Quiznos stores, told The Associated Press via e-mail Tuesday he has resolved his legal disputes with the company. He declined to elaborate; the terms of the agreement are confidential.

Bray's attorney, Justin Klein, and Quiznos Chief Legal Officer Richard Emmett said Bray has agreed to sell his two franchises. They also declined to discuss the specifics.

Bray, who until recently was president of the support group Toasted Subs Franchisee Association sued Quiznos in December, as did several other franchisees, after it sought to terminate their franchise contracts.

Quiznos claimed the franchisees posted information on the association's Web site that harmed the company and violated their contracts. The information related to a California franchise owner involved in a lawsuit with Quiznos who had committed suicide in November. The Web site also had a link to a memorial fund for his family.

Other lawsuits pending in Colorado, Illinois, Michigan and Wisconsin allege Quiznos draws in prospective owners, who pay \$25,000 for a franchise, but does not give them complete facts about restaurant locations and business operations.

Klein, who represents the franchisees in the lawsuits, said many sign contracts only to wait a year or more for the company to build a restaurant. The suits also have accused the company of requiring franchise owners to buy all supplies from Quiznos at higher prices than if they bought locally.

The association's new president, Danny Kessels, referred calls to Klein.

Emmett said Quiznos has settled three other lawsuits in the United States and one in Canada, and is addressing the concerns raised by franchisees.

"From a technical (legal) perspective, I am not impressed with the merits of many of the lawsuits," he said in an interview.

The developments come about eight months after former Burger King CEO Greg Brenneman became head of the privately held, Denver-based company, the third-ranked sandwich chain behind Subway and Arby's, according to industry analyst firm Technomic.

Brenneman and his management team have worked to cut food and supply costs by an average of 4 percent, improve communication with franchisees and test new products to boost profits. Some owners have been pleased while others are taking a wait-and-see attitude.

Founded in 1981 in Denver's Capitol Hill neighborhood, Quiznos sought from the beginning to set itself apart with made-to-order toasted sub sandwiches and higher quality ingredients than other sub shops.

Last year, private equity firm J.P. Morgan Partners LLC became an ownership partner, and Brenneman became a partner through his company, Turnworks Inc.

The chain has at least 5,000 stores today, with average sales of about \$425,000 a year per store, according to Technomic.

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