

FRANCHISEES PREVAIL IN GROUP ARBITRATION

Longtime LegaLine member, attorney Mario L. Herman, has reported a significant victory on behalf of a group of 17 Morrone's Italian Ice franchisees. The franchisees brought their group arbitration against Morrone's alleging fraud and deceit with respect to earnings claims allegedly made to induce their franchise investments.

Following a six day hearing, the arbitrator awarded the franchisees almost \$400,000. In her ruling, the arbitrator found the earnings claims constituted "negligently misleading, confusing or false" representations. As part of the Award, the franchisees were equitably released from their franchise agreements, were allowed to go independent, and were restored their initial franchise fees.

The case demonstrated the potential efficiency of arbitration over court litigation. Said Herman, "I am particularly proud that we were able to achieve a substantial result for a fairly large group action within a seven month period." Bud Connor, who organized the group of franchisees, concurred, "Obtaining our freedom from the franchisor was paramount for us. Mr. Herman accomplished that in short order."