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BLOGS

Fraud/Misrepresentation

Franchisee's Fraud Claim Dismissed in Light of Clear Disclosure and UFOC Receipt

In *Moua, et al. v. Jani-King of Minnesota, Inc.*, 2011 U.S. Dist. LEXIS 104026 (D. Minn. Sep. 12, 2011), the United States District Court for the District of Minnesota granted summary judgment in favor of a cleaning service franchisor on a franchisee's claim of fraud. The case was originally brought as a class action (see Issue 130 of *The GPMemorandum*) and the bulk of the plaintiffs' claims, including a claim for violation of the Minnesota Franchise Act, later were dismissed (see Issue 147).

In the most recent decision, the court addressed a single remaining plaintiff's claim that Jani-King had committed fraud by failing to disclose the terms of its offering. Jani-King had offered each of its franchisees the right to service a certain minimum volume of customer accounts. A customer account is applied toward this quota as long as Jani-King offers it to the franchisee, regardless of whether the franchisee accepts the account. The franchisee alleged that this method of calculating the quota was not disclosed, claiming that it had not actually received Jani-King's UFOC. The court found, however, that no genuine issue of material fact existed as to whether Jani-King had committed fraud. The evidence (including signed receipts) established that the franchisee had received Jani-King's UFOC. Moreover, the UFOC disclosed in clear, plain language that all *offered* accounts would count toward Jani-King's quota of customer accounts that must be offered to the franchisee. Accordingly, the court granted summary judgment in Jani-King's favor on this claim, as well.