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# Business

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## Pizza franchise dispute was 'like piracy on the high seas'

**Family lost its Mississauga shop**  
**Court orders \$574,000 payment**

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BUSINESS COLUMNIST

A judge has sanctioned two executives connected to the 3 for 1 Pizza & Wings franchise chain after ruling that they bullied three Dutch immigrants out of their Mississauga store, took their equipment, inventory and thousands of dollars in cash and sold the franchise to a new operator.

"It is fraud," Justice Victor Paisley of Ontario's Superior Court of Justice said in a recent hard-hitting decision at the end of an eight-day civil trial. "Commercial activities cannot be conducted like piracy on the high seas," he added later.

Paisley ordered 3 for 1 Pizza founder Reza Solhi and his associate Farzad Bagherzadeh to pay \$224,457 in compensation and \$350,000 in punitive damages to Jaffer Jan, his wife Saira and daughter Jennifer Jan Lee. The court will rule later on how much of the Jans' legal costs they must pay.

The ruling comes three months after Toronto police

charged the same men with 13 counts of criminal fraud over \$5,000 related to the sale of other franchises between 1999 and 2003. They have pleaded not guilty, and a trial has been scheduled for November.

Paisley said Solhi and Bagherzadeh conducted a planned, deliberate and dishonest scheme to oust the Jans from the pizza parlour they had operated from December, 1999, until September, 2001, serving as trainers for new franchisees.

He said the two men committed an arrogant abuse of contractual powers when they had

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For Better Or For Worse

Family Circus

# Pizza fight still not over

## ► Pizza From F1

the Jans locked out of their store on a Saturday, while the courts were deciding on the family's right to sell their franchise to an employee. Pizza chain representatives sent to take over the store pushed Jaffer Jan, whom the judge described as a man in his 60s, and told him to talk to a judge.

Before Jan could do so, two companies associated with Solhi's 3 For 1 Pizza & Wings (Canada) Inc. — Triple 3 Holdings Inc. and 3 Pizzas 3 Wings Ltd. — sued his company and family. The suit alleged they had breached the terms of their franchise agreement and were behind in their rent and certain other charges. The companies then sold the Jans franchise for \$140,000.

When asked for comment, a representative of 3 for 1 who signed a statement to the Star with the initials L.L. replied, "We were very surprised at the outcome of the trial." The company representative wrote that the franchisee had admitted owing rent, so the termination was justified. "We will launch an appeal."

But, in his ruling, Paisley found no basis for the accusations against the Jans, who had filed a counterclaim. He concluded the allegations were just a ruse — "a threatening and bullying tactic designed to obtain money" from vulnerable individuals.

The Jans had actually paid too much rent, while Solhi and Bagherzadeh had no proof they ever passed the excess payments to the head landlord, said Paisley. The actions were so outrageous the two should be held personally responsible, he said.

"It would be unjust to deny the franchisee (the Jans) a remedy merely because the personal defendants used the corporate structure for flagrantly and grossly improper means," said Paisley.

"The corporate veil is not a suit of armour to protect people who are guilty of crime or improper or wrongful conduct," he said, adding later: "The corporate veil here is nothing more than a subterfuge used by the individuals for personal gain."

Paisley made his ruling June

17. A transcript of his ruling was filed in court Monday.

Lawyer Greg Sidlofsky said none of the criminal charges filed in March relate to his clients, the Jans.

As the Star reported earlier, several other franchisees and individuals who lost large deposits are suing to recover money from Solhi, Bagherzadeh or the many corporations through which they operate. But the few that have won favourable judgments have yet to collect the money awarded by the courts.

The representative of 3 for 1 said in the written statement that one judgment creditor is receiving regular payments to discharge a court award "which was granted without us having the benefit of a trial."

Lawyer Jeffrey Hoffman said he is scheduled to question the two pizza chain executives in court starting Monday about their ability to repay two clients who applied to recover the cost of a 3 for 1 franchise. They had not received information prior to purchase that is required under Ontario's Arthur Wishart Act (Franchise Disclosure) 2000.

Meanwhile, Sidlofsky is scheduled to start a new trial the same day when two other clients will allege they were defrauded out of their investment in a 3 for 1 franchise just a month after taking possession.

Jaffer Jan, a former executive of a defunct Egyptian airline, moved to Canada late in life to become a business owner. "We came with the hope we would be prosperous here," he said.

After his family was forced out of its franchise, Jan was unable to find steady work. He said he moved back to the Netherlands to rely on that country's guaranteed income system, after exhausting about \$500,000 in savings in Canada.

Jan said he was delighted with Paisley's ringing endorsement of his family's testimony and evidence, and the arguments made by his lawyer, Sidlofsky. Jan hopes to return to Canada permanently if he is able to recover his money.

"I feel wonderful," said Jan. "God has helped us get out of this."