



Jul. 12, 2005. 07:27 AM

Judge aids pizza franchisees

JAMES DAW

An Ontario judge has taken an unusual step to protect the interests of a group of franchisees.

Justice James Farley of the Superior Court of Justice has appointed an inspector to oversee 3 for 1 Pizza & Wings (Canada) Inc., whose founder has lost several civil lawsuits and been charged with fraud in the sale of franchises.

Seven disgruntled franchisees had accused president Reza Solhi of undermining their stores, while helping a rival chain directed by his mother.

The franchisees had set out to get a receiver, but Farley named Wasserman Associates Inc. as an inspector to keep the company running.

Wasserman is also to ensure no 3 for 1 Pizza money goes — without its approval — to the rival company Pizza One Group Inc. of Thornhill, or to Solhi, or his associate Farzad (Fabio) Bagherzadeh.

The franchisees complained they were not receiving food supplies, corporate advertising or orders from 3 for 1 Pizza's call centre. They supported their allegations with an affidavit from a man called David Huston, who stated he had worked with Solhi inside both 3 for 1 Pizza and the new Pizza One chain.

Pizza One started in April of last year to seek franchisees. A pamphlet for potential investors boasted: "Our customers do not require the 2 for 1 deal or the 3 for 1 deal or even the 4 for 1 deal. Our prices are affordable and our quality is unbelievable."

Pizza One reports that its only director is Ashraf Mirkhan. Also known as Ashley, she is Solhi's mother and the president of 1265719 Ontario Inc., which owns the million-dollar home where Solhi lives in Richmond Hill.

Solhi faces 25 counts of fraud over \$5,000 related to the sale of franchises, mainly to new Canadians. A preliminary hearing into the criminal charges was set to resume last month, but was adjourned until Sept. 9.

Solhi opposed the appointment of a receiver, denying virtually every allegation in affidavits from Mississauga franchisee Anwar Tyabjee and Huston, who produced copies of void cheques to Solhi and a list of other 3 for 1 Pizza cheques.

Solhi told the franchisees' lawyer, Gregory Sidlofsky, during a pre-hearing examination that Huston

BUSINESS COLUMNISTS

- > [James Daw](#)
- > [David Olive](#)
- > [Ellen Roseman](#)
- > [Tyler Hamilton](#)
- > [David Crane](#)
- > [Bill Carrigan](#)
- > [Rachel Ross](#)

Stock List

Follow up to 15 stocks with Stocklist, thestar.com's free tracking tool.
[Click to launch](#)

and his wife Naila Sheikh hold a grudge against him after their 3 for 1 Pizza store in Richmond Hill failed and Huston declared bankruptcy. Solhi contended that Huston "is probably the biggest liar I ever met."

"I don't own Pizza One," he added. "I have no interest in the ownership of Pizza One. I'm not a shareholder, officer, whatsoever."

Solhi, 38, said that 3 for 1 had transferred leases to Pizza One but did not pay the rent for two store locations in Toronto and Mississauga. He conceded he now uses the name Anthony, but denied he uses the family name of his mother, who is 53.

Farley found that Solhi "was incredibly evasive to even the simplest relevant questions put to him." The judge requested an undertaking that Solhi would have no direct or indirect involvement with Pizza One.

Wasserman submitted its first confidential report last month. At a brief hearing, Farley expressed disapproval that 3 for 1 Pizza did not pay rent for its Richmond St. call centre and that a corporate bank account was under the control of Sam Solhi, a brother of the owner.

Farley called for an investigation into the removal of 3 for 1 computers. At the same time he urged franchisees and Solhi to work with the inspector to return 3 for 1 to normal operation.

Some former franchisees, including other clients of Sidlofsky, are trying to collect large court judgments from Solhi and his companies.

Franchise lawyer Ben Hanuka said the appointment of an inspector is a relatively drastic measure, and "is the latest in series of sanctions imposed by the courts against this operation."

"Justice Farley has implicitly recognized that a living franchisor is of greater benefit to its franchisee-judgment creditors than a dead franchisor," he said.

In an unusual development last March, a judge agreed to make one of Solhi's lawyers jointly liable for \$140,000 in legal costs.

Justice Victor Paisley made the ruling several months after awarding Sidlofsky's client, Jaffer Jan, \$594,000. He had ruled that Solhi and Bagherzadeh had fraudulently locked the Dutch immigrant out and sold his 3 for 1 Pizza franchise.

Paisley said in his ruling on legal costs that 3 for 1 Pizza had hired John Chidley-Hill as its vice-president and general counsel on July 11, 2001. He was to receive \$160,000 a year, a private office, a luxury sedan, 1 per cent of money received from franchise sales and 10 per cent from franchise transfers.

Paisley said Chidley-Hill "stood to gain from his clients' wrongdoing as it occurred, and while he was obligated to advise them as to their legal responsibilities." That put him in a conflict, said Paisley. Chidley-Hill would have had to admit his own liability if he had advised Solhi to settle with Jan.

Chidley-Hill has asked the Court of Appeal for Ontario for leave to appeal. A ruling is expected soon.

James Daw, CFP, appears Tuesday, Thursday and Saturday. He can be reached at Business, 1 Yonge St., Toronto M5E 1E6; at 416-945-8633; 416-865-3630 by fax; or at jdaw@thestar.ca by email.

[Additional articles by James Daw](#)

› [Get great home delivery subscription deals here!](#)

[FAQs](#) | [Site Map](#) | [Privacy Policy](#) | [Webmaster](#) | [Subscribe](#) | [My Subscription](#)

[Home](#) | [GTA](#) | [Business](#) | [Waymoresports](#) | [A&E](#) | [Life](#)

Legal Notice: Copyright Toronto Star Newspapers Limited. All rights reserved. Distribution, transmission or republication of any material from www.thestar.com is strictly prohibited without the prior written permission of Toronto Star Newspapers Limited. For information please contact us using our [webmaster form](#). www.thestar.com online since 1996.

