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Trial Reports

Commercial

Fraud, Dealerships - Unfair Trade Practices - Punitive Damages - Snap-On-Tools Dealerships - Summary Jury Trial - Consolidated Settlement Of 12 Separate Lawsuits

Type of claim: Twenty-two former Snap-On-Tools dealers and their wives sued Snap-On-Tools Corporation for fraud and unfair trade practices, alleging they were wrongfully induced to quit their jobs and invest large sums of money to obtain dealerships.

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Principal injuries (in order of severity): Loss of dealerships; lost investments; emotional distress.

Special damages: \$176,214

Tried or settled: Tried to verdict

County where tried or settled: Wake County

Case name and number: In re: Consolidated Snap-On Summary Jury Trial (92 CVS 4100; 92 CVS 4099; 92 CVS 6012; 92 CVS 7428).

Date concluded: Verdict rendered Nov. 12, 1992; final settlement Nov. 24, 1992.

Name of judge: Robert Collier, retired Superior Court judge sitting by stipulation of the parties.

Amount: Total settlement sum was \$6,652,432. The trial verdict was \$5,302,432 (of which \$5,085,570 was punitive damages for fraud). At a subsequent hearing on defendant's motion to set aside the verdict, the parties agreed the a global settlement of all Snap-On suits pending in North Carolina.

Insurance carrier: None

Expert witnesses and areas of expertise: Cliff Thomas, CPA, accounting; J. Finley Lee, Ph.D., economist and risk management; Michael Jorgenson, mobile hand tools distribution.

Attorneys for plaintiffs: Don Strickland and Howard Twiggs of Blanchard, Twiggs, Abrams & Strickland, Raleigh

Other useful information: The plaintiffs alleged that Snap-On misrepresented, among other things: (1) the amount of income they could reasonably expect to earn as dealers; (2) the sales potential of the territories they were assigned; (3) the risk of loss and risk of business failure; (4) the quality of training and business support that Snap-On would provide; (5) the success rate of prior dealers; and (6) the independence of dealers.

Plaintiffs' business failures brought them financial ruin, and most were on the verge of bankruptcy at the time the suits were filed. Also, they suffered severe mental distress and marital problems, giving rise to their spouses' claims of loss of consortium.

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