



# CONTINENTAL FRANCHISE REVIEW

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## Franchisee Wins Arbitration Award Against Decorating Den

WASHINGTON, D.C. - An Australian couple who signed a master franchise agreement for New Zealand and Australia with Decorating Den Systems, Inc. (DDSI) has won an arbitration award of \$300,000-plus in compensatory damages and an additional \$240,000 in attorney fees and costs against Decorating Den and its chief executive officer, according to Robert Zarco, attorney for the plaintiff.

The Couple filed a Demand for Arbitration against the company and against James Bugg Sr., the CEO and former chairman of the International Franchise Association, alleging they were "fraudulently induced by respondents to enter into the Master Franchise Agreement with DDSI, that Respondents breached the Master Franchise Agreement and an implied covenant of good faith and fair dealing, that Respondents violated state and federal laws governing the sale of franchises, and that claimants sustained damages in excess of \$2 million," the arbitration documents state.

In a statement from Jim Bugg Sr., read over the phone by a spokeswoman, Decorating Den said it was important to note that no punitive damages were advocated in this decision. "While the company does not support this decision," the spokeswoman read, "Decorating Den will refund all monies." This is the only comment that will be made in the matter, she said.

Zarco said this case was an example of the need for accurate and adequate disclosure documents, even when dealing with franchisees not covered by U.S. laws.