

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON  
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT  
RAPPORT

Our File/N/Réf.  
Your File/V/Réf.

DATE 9 October 1996

TO/DEST. Co-ordinator  
Corporate Services and Economic Development Committee

FROM/EXP. Regional Chair

SUBJECT/OBJET **REQUEST TO THE PROVINCIAL GOVERNMENT  
BY LOCAL LOEB FRANCHISEES FOR  
THE ENACTMENT OF FRANCHISE LEGISLATION**

#### DEPARTMENTAL RECOMMENDATION

**That the Corporate Services and Economic Development Committee recommend Council approve the following motion and direct the Regional Clerk to forward it to the Ontario Minister of Consumer and Commercial Relations and the Premier of Ontario:**

**WHEREAS** Loeb stores have been present in Ottawa-Carleton for many years playing an important role in communities;

**AND WHEREAS** the Loeb stores have supported numerous charities and worthwhile causes in Ottawa-Carleton;

**AND WHEREAS** these local small businesses have employed many staff and purchased goods and services from other local businesses;

**AND WHEREAS** Ontario does not have legislation which deals exclusively with franchising yet a major mechanism for conducting retail business is through the franchisor-franchisee relationship;

**THEREFORE BE IT RESOLVED** that Council strongly supports local ownership of businesses;

**BE IT FURTHER RESOLVED** that the Council request that the Minister of Consumer and Commercial Relations enact franchise legislation that will be fair to both franchisor and franchisee and will contribute to avoiding disputes between the parties.

## BACKGROUND

The Regional Chair received a letter dated September 30, 1996 from a local Loeb franchisee requesting that Regional Council take a position respecting the situation between Loeb Inc. (hereafter "franchisor") and 22 Loeb franchisees (hereafter "franchisees") in Ontario. A copy of this letter is attached at Annex A. On June 28, 1996, the franchisees initiated legal proceedings against the franchisor alleging that the franchisor has fundamentally breached the franchise agreement with the franchisees. The franchisor, in turn, notified the franchisees that it was terminating the franchise agreement with the franchisees effective November 2, 1996.

This report serves to place the matter before Committee and Council.

## DISCUSSION

The situation in which the franchisor and franchisees find themselves has exposed several concerns. First, ownership and operation of six Ottawa-Carleton Loeb stores will pass on November 2, 1996 from local independent owner/operators to the franchisor, a wholly owned subsidiary of Montreal-based Provigo Inc. The local franchisees, who possess an understanding of their communities, have been supportive of many local charities, non-profit organisations and sports teams. Second, whereas many North American jurisdictions have enacted legislation devoted to the franchisor-franchisee relationship, Ontario has yet to do so. The Premier of Ontario and his Minister of Consumer and Commercial Relations have indicated that work on franchise legislation has been restarted, as stated in a copy of a letter dated 16 Sep 96 from the Premier of Ontario attached at Annex B. It is imperative that such an important mechanism for conducting retail business as is the franchisor-franchisee relationship be governed by legislation which ensures fairness and contributes to avoiding disputes.

The councils of Rockland, Arnprior, Prescott, Ottawa, Osgoode Township, Sudbury, Sault Ste. Marie, Blind River, Kirkland Lake, and Timmins have passed similar motions.

## FINANCIAL IMPLICATION

There would be no financial implication were Council to adopt the recommended motion.

*Approved by  
Peter D. Clark*

Attach. (2)

**LOEB**

**LOEB**  
**St. Laurent**  
 1021 St. Laurent Blvd.  
 Gloucester, Ontario K1K 3B1  
 Tel: 748-5808  
 Fax: 748-5528

September 30, 1996

Mr. Peter Clark  
 Regional Chair  
 Regional Municipality of Ottawa- Carleton  
 Ottawa-Carleton Centre  
 111 Lisgar Street  
 Ottawa, Ontario

Dear Mr. Chairman:

I am the independent owner operating Loeb St.Laurent in Gloucester. My business employs 125 people from the local area and I have always taken an active role in supporting our community.

As you may be aware, a group of 22 Loeb franchisees in Ontario, including the owners of Loeb Meadowlands, Loeb Elmvale Acres, Loeb Lincoln Heights, Loeb Hazeldean, Loeb Manotick and myself recently took the unprecedented step of launching a \$200 million lawsuit against Loeb Inc., a wholly owned subsidiary of Montreal-based Provigo Inc. Our Statement of Claim includes a claim for a declaration that Loeb Inc. has fundamentally breached the franchise agreement with the franchisees and claims for breach of contract, punitive and exemplary damages.

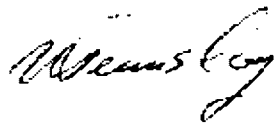
As a direct result of this lawsuit launched by my store and 21 other franchisees stores, Provigo Inc. has served notice that it will terminate its contracts with our stores on November 02, 1996. This draconian move outlines a serious problem with business legislation in Ontario. Although there is legislation across the United States, there is currently nothing in the law in Ontario which ensures fairness in the franchisee-franchisor relationship. Franchisors do not have to prove that there is "good cause" in order to terminate franchise agreements.

As you are aware, our stores support many local, regional and national charities and non-profit organizations such as Senior Adult Centres, The Boys and Girls Club, Cub Scouts, local High Schools, Canadian Cystic Fibrosis foundation, the Multiple Sclerosis Society of Canada, the Leukemia Research Fund, the Ottawa Native Friendship Centre, the Mouvement Personne d'abord of Ottawa-Carleton, the Ottawa Public Library, the Heart and Stroke Foundation, the Cancer Society, local hospitals as well as various local sport teams and league. If these stores become corporate stores managed from Montreal, the support and understanding that we the owners and our employees have shown for the communities of the Ottawa-Carleton region will likely suffer.

We are kindly asking you Mr. Chairman and your council to please pass the attached motion and forward it to the Minister of Consumer and Commercial Relations. In addition, we would like that you to send a copy of the motion to the Premier of Ontario. Similar motions have already been passed by the cities of Ottawa, Rockland, Amprior, Prescott, Sudbury, Sault Ste. Marie, Blind River, Kirkland Lake, Timmins and the townships of Osgoode, Edwards and Prescott.

Thank you for helping us in our struggle to keep our small businesses and remain an important part of the Ottawa-Carleton regional community.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norm Tremblay".

Norm Tremblay

Owner, Loeb St. Laurent

## **Loeb Motion**

**Whereas** Loeb Elmvale Acres, Loeb Hazeldean, Loeb Lincoln Heights, Loeb Manotick, Loeb Meadowlands and Loeb St. Laurent franchise stores have been a part of this regional community for years.

**And whereas** these franchisees have supported numerous local, municipal and regional charities and worthwhile causes and as such, have been an important part of our regional community.

**And whereas** these small businesses employ many staff and purchase goods and services from other local and regional businesses.

**Be it resolved** that the Regional Council of Ottawa-Carleton objects to the actions of Provigo Inc. of Montreal to turn these franchise stores into corporate stores with no local ownership.

**Be it further resolved** that the Regional Council of Ottawa-Carleton calls on the Provincial Government to immediately investigate this corporate action to determine whether it should be stopped before local ownership of community food stores becomes a thing of the past.

**Be it further resolved** that the Regional Council of Ottawa-Carleton requests that the Minister of Consumer and Commercial Relations move quickly to enact franchise legislation that will reduce the unfair advantage held by franchisors over franchisees.



The Premier  
of Ontario

Le Premier ministre  
de l'Ontario

Legislative Building  
Queen's Park  
Toronto, Ontario  
M7A 1A1

Hôtel du gouvernement  
Queen's Park  
Toronto (Ontario)  
M7A 1A1

September 16, 1996

Mr. Norman Tremblay  
Loeb St. Laurent  
1021 St. Laurent Boulevard  
Gloucester, Ontario  
K1K 3B1

Dear Mr. Tremblay:

Thank you for writing to inform me about the difficulties you are experiencing with your franchisor, Loeb Inc.

I've noted your concern about unfair business practices on the part of Loeb Inc. and your support for the introduction of franchise legislation. Recently, the work on franchise legislation has been restarted at the Ministry of Consumer and Commercial Relations. I know that the Honourable David Tsubouchi, Minister, will be interested in hearing your views and note that you have already sent a letter to the ministry.

Again, thanks for raising this matter with me.

Sincerely,

Michael D. Harris, MPP

c: The Honourable David Tsubouchi

