

Attorney General

Robert Abrams

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ABRAMS HALTS SALE OF SHOE REPAIR FRANCHISES

Attorney General Robert Abrams announced today (Thursday) that a New York State man who was convicted of bribing a judge's clerk four years ago has emerged as an officer of an insolvent company which sold franchises for shoe repair shops. The Attorney General also said his office has obtained a court order removing the man, Sheldon J. Sanders, from his position as vice president of Cobbler's Bench International, a Hempstead company. The order, signed by State Supreme Court Justice Stanley Parness, also bars Sanders from being employed with any franchisor in a management capacity and from selling franchises in New York.

Mr. Abrams said that in the course of reviewing the Cobbler's Bench franchise filing, his office learned that in January 1980 Mr. Sanders was convicted of bribery and conspiracy for bribing Abram Brown, a Law Assistant assigned to State Supreme Court, Manhattan, in order to influence the court's decision in a pending case. Court records show that Sanders was convicted of offering bribes to Brown, which Brown accepted because Sanders and Brown had "done business" previously. Sanders served one year in prison and was paroled in July 1983. He was also barred from practicing law in New York State.

Therefore, after careful review of Cobbler's prospectus, the Attorney General concluded that Sanders' participation in the franchise would create an "unreasonable risk" to franchisees, and moved to bar Cobbler's from selling franchises in New York.

The Attorney General's investigation also found that Cobbler's Bench International was insolvent and unable to meet its obligations to its franchisees and that the company had illegally sold at least one franchise without being registered.

Cobbler's also misrepresented its principal business address location, stating that its main office was in New Jersey, not New York

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State to support its claim that it could offer franchises for sale without being registered to do so in New York.

Justice Parness's order also bars Cobbler's Bench and its president, Mark Axler, from selling any franchises in the state unless it registers with the Attorney General.

Attorney General Abrams stated:

"This case demonstrates the importance of the Franchise Sales Act which was part of my legislative program and which was enacted in 1980. By means of vigilant enforcement this office was able to protect the public from the risks of dealing with an insolvent company."

Cobbler's and Axler have agreed that for a period of two years they will place franchise fees received by them in an escrow account until commitments to the franchisees have been met, have agreed to offer the right of rescission to existing purchasers of Cobbler's franchises, and that they will not employ any convicted felon in a management capacity.

Without admitting or denying guilt, Cobbler's Bench International, Inc., and Mark Axler have agreed to refrain from selling unregistered franchises and will not offer franchises while the company is in an insolvent condition.

The defendants were also ordered to pay \$20,000 in costs.

The matter was handled for the Attorney General by Special Deputy Attorneys General Sheldon Horowitz and Martin Weber and Assistant Attorney General Patricia Pallinayan under the supervision of Gregory J. Mahaly, Chief of the Investor Protection and Securities Bureau.