



Lawsuit Accuses UPS of Cheating Franchise Owners

The complaint contents inaccurate measurement system is costing franchises millions.

SAN FRANCISCO, May 2 /PRNewswire/ -- Today shipping giant UPS (UPS) was hit with a proposed class-action lawsuit claiming the shipping giant routinely uses an inaccurate measurement system that causes thousands of franchise store owners to be back-charged for higher shipping rates.

According to the complaint filed by the law firm of Hagens Berman Sobol Shapiro, franchise owners measure packages in the store, charge the customer and ship the package to UPS where the company re-measures the package using what the suit claims is inaccurate techniques and back-charges the franchisee for the difference.

In the complaint, franchisees argue that since the re-measurement process occurs at UPS facilities, they have no ability to argue the revised measurements, nor do they have the ability to reassess the customer for the additional charges.

According to attorneys representing the proposed class, the problem is widespread costing the 4,000 franchise owners millions of dollars in back charges.

Steve Berman, managing partner of Hagens Berman Sobol Shapiro, says that his clients are most upset with their inability to dispute additional charges.

"The packages are reassessed in an external location where owners can't see the process or results," he said. "This reminds me of the old trick of the butcher placing his thumb on the scale. Back then though at least you could see the scale."

The accuracy of the laser technology UPS uses to measure packages has long been suspect, the complaint notes, citing complaints by trade associations that represent franchise owners.

The laser measuring system used at UPS has not been approved by any state Weights and Measures Departments, the complaint notes, and any calibration or adjustments are completely under the control of UPS.

"Our investigation has show that this may be a very widespread problem at UPS, not just with franchises, but also with the shipper's largest corporate customers who compute charges in-house before shipping to UPS,"

Berman added. "Adding a few bucks to each package can quickly add up to millions."

The suit was filed in San Francisco in U.S. District Court on behalf of named plaintiff Persepolis Enterprise. If certified as a class action, the suit would represent the named plaintiff on behalf of all franchises worldwide that operate under the UPS Store, Mail Box Etc. and companies that are account-holders with UPS.

The complaint states several counts against UPS including breach of contract, fraud and unjust enrichment. Within those claims UPS violated the contractual agreement between the company and individual franchises stating that UPS had no right to charge for alleged mismeasurements. UPS also failed to use accurate, properly calibrated and tested machines as promised in its obligations to franchise owners.

The suit is seeking damages for all UPS Stores nationwide as well as six digit account holders, primarily corporate accounts. A small sampling of the plaintiff's additional charges range from \$3.52 - \$31.43 per package and that is only a very small number of the thousands of charges it has incurred.

"UPS has an obligation to its franchise owners to deal fairly and in good faith," said Berman.

According to the complaint UPS is one of the most recognized brands in the world and has become the largest package delivery company. The company's focus is enabling commerce worldwide and has grown into a \$42.6 billion business since its founding in 1907.

To view the complaint visit <http://www.hbsslaw.com>.

About Hagens Berman Sobol Shapiro.

The law firm of Hagens Berman Sobol Shapiro is based in Seattle with offices in Chicago, Cambridge, Los Angeles, Phoenix and San Francisco. Since the firm's founding in 1993, it has developed a nationally recognized practice in class-action and complex litigation. Among recent successes, HBSS has negotiated a pending \$300 million settlement as lead counsel in the DRAM memory antitrust litigation; a \$340 million recovery on behalf of Enron employees which is awaiting distribution; a \$150 million settlement involving charges of illegally inflated charges for the drug Lupron, and served as co-counsel on the Visa/Mastercard litigation which resulted in a \$3 billion settlement, the largest anti-trust settlement to date. HBSS also served as counsel in a \$850 million settlement in the Washington Public Power Supply litigation and represented Washington and 12 other states in lawsuits against the tobacco industry that resulted in the largest settlement in the history of litigation. For a complete listing of HBSS cases, visit <http://www.hbsslaw.com>.