



## Medicine Shoppe Zees File Class Action

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The rise of managed healthcare may be decimating independent pharmacies, but Medicine Shoppe franchisees claim their franchisor's mismanagement is making matters worse.

Relations among the Medicine Shoppe parties have long been strained. In June 2006, the [franchisee association \(PFOA\)](#) retained [Robert Zarco](#) to pursue an arbitration action against the franchisor, [alleging "A BROKEN AND ARCHAIC BUSINESS MODEL,"](#) conflicts of interest, anti-competitive practices, and encroachment.

The new complaint, BUECHLER PHARMACY ET. AL. V. MEDICINE SHOPPE INTERNATIONAL ET. AL, was filed in the Southern District of Ohio before [Judge James Graham](#). The franchisees are represented by [Fred Luper](#), a trial attorney and bankruptcy expert based in Columbus.

The Complaint alleges that the franchisor (a subsidiary of [Cardinal Health](#)) knows the current system is broken and is a "**fragmented franchise system**" where some franchisees are now benefiting because the franchisor "**cut side deals**" with favored franchisees while the remaining franchisees are now left with a system which is now even more untenable than before the 2009 changes.

According to the Complaint, there has been "an exodus of over 40% of system participants in the past decade."

The franchisor has not yet filed an Answer in court, but did [release a statement](#) saying the franchisor believes that it has made a "fair and equitable" offer to franchisees.