

**LAW OFFICES OF ABE GEORGE, P.C.**

44 Wall Street, 2<sup>nd</sup> Floor  
New York, New York 10005  
(P) 212-498-9803 (F) 646-558-7533  
Email: [abe@abegeorge.lawyer](mailto:abe@abegeorge.lawyer)

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June 13, 2017

**VIA OVERNIGHT & ELECTRONIC MAIL DELIVERY**

Kellogg Company

1 Kellogg Square PO Box 3599

Battle Creek, Michigan 49016

Attention: Messrs. John A. Bryant & Ronald L. Dissinger, Gary H. Pilnick, Esq., General Counsel, David Herdman, Esq., Corporate Counsel, Gordon P. Paulson, Esq., Corporate Counsel

Email: [john.bryant@kelloggcompany.com](mailto:john.bryant@kelloggcompany.com)

Email: [ronald.dissinger@kelloggcompany.com](mailto:ronald.dissinger@kelloggcompany.com)

Email: [gary.pilnick@kelloggcompany.com](mailto:gary.pilnick@kelloggcompany.com)

Email: [david.herdman@kelloggcompany.com](mailto:david.herdman@kelloggcompany.com)

Email: [gordon.paulson@kelloggcompany.com](mailto:gordon.paulson@kelloggcompany.com)

W. M. Brown Group, Inc.

219 Lafayette Drive

Syosset, New York, 11791-3939

Attention: Mr. Warren M Brown

Email: [CHartmann@wmbrowngroup.com](mailto:CHartmann@wmbrowngroup.com)

Two Locks Inc. d/b/a Premier Snacks

169 Commack Road, Suite 377

Commack, New York, 11725

Attention: Mr. Marc Ceruto

Email: [mceruto@premiersnack.com](mailto:mceruto@premiersnack.com)

**Re: Wrongful Termination of Clients' Rights to Distribute Kellogg's Products by Kellogg Company & W. M. Brown Group, Inc.**

**NOTICE OF DEMAND**

Dear Gentlemen:

This law firm has officially been retained and represents over fifteen (15) distributors (each individually, a "Client", and collectively, this firm's "Clients") that hold exclusive rights to deliver Kellogg Company's ("Kellogg") snack products. These small business route owners, some of whom are women, veterans, senior citizens and minority based, invested and/or borrowed significant sums of monies to acquire these rights, and have depended on these routes as their sole source of income. In the ultimate pursuit of corporate greed to increase its bottom line, Kellogg acting in concert with W. M. Brown Group, Inc. ("W. M. Brown"), conspired to and terminated the rights of my Clients without consideration, thereby wiping out each of my

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Client's respective investments while unjustly enriching itself. Reference is made to Kellogg's letter dated May 5, 2017 and W. M. Brown's letter dated May 11, 2017, a copy of which I attach for your reference (collectively, the "Termination Letters"). Demand is hereby made that either (i) adequate consideration for each of my Clients' businesses be paid by you forthwith, or (ii) the Termination Letters be retracted in writing within ten (10) days from the date hereof, or this law firm shall file a class action lawsuit.

As you are aware until this year, Kellogg was employing a direct-to-store distribution model for its snack products by using joint venture partners and/or affiliate agents, W. M. Brown and its recently terminated venture partner Two Locks Inc. d/b/a Premier Snacks ("Premier", and collectively, together with W. M. Brown, the "Kellogg Affiliates"). On behalf and at the behest of Kellogg, the Kellogg Affiliates contracted with my Clients to distribute Kellogg's products in the New York, New Jersey and Pennsylvania Areas. My Clients helped grow Kellogg's business over the years while Kellogg and the Kellogg Affiliates reaped the vast majority of the benefits from my Clients' hard work and efforts.

Kellogg Affiliates entered into contractual relationships with Kellogg to outsource the distribution of the snack products via my Clients, who were intended third party beneficiaries of their contracts. The Kellogg Affiliates, with the knowledge of Kellogg, without limitation: (i) sold exclusive rights to stores and defined sales areas to each of my Clients, (ii) sometimes while officers of Kellogg were literally present, hosted closings for considerable sums of money wherein distributorship rights were bought and sold to my Clients subject to Kellogg's approval, (iii) mandated the provisions relating to the sale and transfer of such rights and sales goals for each my Clients, and (iv) at the threat of termination, required that each of my Clients exclusively focus all their time and efforts and utilize their vehicles selling Kellogg snack products only while forbidding each of them from delivering any non-Kellogg products.

As a cost saving measure, Kellogg established the aforementioned distribution scheme and was well aware of the facts that the Kellogg Affiliates were engaging in such practices. Furthermore, Kellogg, (i) after Premier's termination due to malfeasance, instructed certain of my Clients to sign an agreement with W. M. Brown in order to "protect their investment", (ii) had knowledge of the value of each of my Client's business because current employee and Kellogg executives Ted Engle and James Yany requested each of my Client's investment cost in each's business and advised each of my Clients that W. M. Brown was the best way to protect their investment, (iii) had knowledge of the value of each of my Client's business because former Premier and current Kellogg's employee David Biller, who was a former distributor with Premier who sold his exclusive rights to one of my Clients and subsequently handled the closings of additional stores and closings to my Clients over the years for cash, and without limitation, and (iv) provided Kellogg paraphernalia and order sheets, and sometimes shipped Kellogg's snack products directly from Kellogg to each of my Clients, naming each of my Clients on the invoices thereby making my Clients the direct beneficiaries of any contract between Kellogg and the Kellogg Affiliates.

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My Clients relied on Kellogg's promises to their detriment, purchased more stores from Kellogg Affiliates under Kellogg's authority, along with incurring all the other costs associated with a business of this kind and nature including buying vehicles and/or trucks, obtaining insurance, hiring employees, leasing storage spaces, incurring accounting, legal and marketing costs, etc. In addition, my Clients devoted substantial time and energy in building and strengthening their own businesses.

When Kellogg realized it could increase its bottom line by exiting the direct-to-store delivery (DSD) network, Kellogg took the drastic steps towards such decision by effectively terminating my Clients' rights described above. See <http://newsroom.kelloggcompany.com/2017-02-08-Kellogg-Company-To-Leverage-Uniform-Go-To-Market-Approach-Strengthening-U-S-Snacks-Business> Most of my Clients' sole source of livelihood in supporting their families is the monies that they derive from commissions when selling and delivering Kellogg products.

Customarily, each of my Client's businesses would be valued at a thirty (30) multiplier of the average weekly gross sales. Each of my Clients is responsible for the average weekly sales of Kellogg products of approximately \$15,000 per week. Accordingly, Kellogg is usurping each of my Clients' businesses worth in the aggregate roughly about \$7,500,000.00. Kellogg along with Kellogg Affiliates absolutely recognize the high value of each of my Client's businesses on the market and their actions clearly demonstrate a concerted effort to steal my Clients' considerable capital contributions as well as the sweat equity in each of their businesses. Such actions are unlawful and fraudulent.

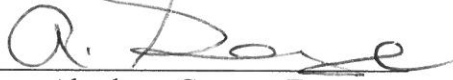
Your liability and exposure under such illegal action(s) could be considerable and embody the definition of larceny. If my Clients pursue legal recourse, they shall seek, including and without limitation, injunctive relief (including preliminary injunctive relief), compensatory damages (lost profits), treble damages, costs, and attorneys' fees for breach of contract, claims for tortious interference with contracts, intentional interference with contract and/or tortious interference with future business expectancy, lack of fair dealing, fraudulent inducement, the equitable claim of unjust enrichment, violations under the recoupment doctrine, fraud under the purposes of New York Executive Law § 63(12), disguised franchise relationships among the parties, violation of the Federal Trade Commission franchise rules, violations under New York General Business Law § 349 Unfair and Deceptive Trade Practices Act among other statutes and theories of law. Although Kellogg made attempts to disguise the franchise type relationship with my clients, Kellogg's acts could fall afoul of the New York Franchise Act (NYFA), which also has an anti-fraud provision, similar to the Securities and Exchange Commission's Rule 10b-5. Remedies for violating the NYFA include damages, rescission, civil fines, and injunctive relief.

Without waiving each of my Clients' rights in pursuing litigation, each of my Clients desire to resolve the matter amicably and peacefully forthwith and are willing to have this matter

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handled by an arbitrator. If you do not respond within ten (10) days my Clients will elect to proceed with a class action lawsuit and have their grievances air publicly. You may reach me at 212-498-9803. Otherwise, please be guided accordingly.

Very truly yours,  
**LAW OFFICES OF ABE GEORGE, P.C.**

  
Abraham George, Esq.

cc: This law firm's clients who are referred to in the introductory paragraph of this letter and wish remain anonymous as of the date hereof

Attachments

WM Brown Group Inc.

WB Distributing Company/Jersey Snacks

999 South Oyster Bay Road Suite 106

Bethpage, NY 11714

May 11, 2017

To All WM Brown Distributors:

Yesterday we received the attached letter from Kellogg's. We are immediately sending it to you. We are expecting to hear from Kellogg's to determine what this means and how it affects all of us and our businesses.

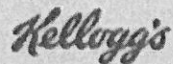
We will advise you whenever we hear anything new.

Sincerely,



WM Brown Group Inc.





May 5, 2017

Warren Brown  
W.M. Brown Group, Inc.  
999 South Oyster Bay Road  
Suite 106  
Bethpage, NY 11714

RE: Distribution Agreement between Kellogg Sales Company d/b/a Kellogg Snacks ("Kellogg") and Warren Brown dated as of May 5, 2017 (the "Agreement")

Dear Warren,

On February 8, we announced our decision to exit our Direct Store-Door (DSD) network, transitioning our U.S. Snacks business to our warehouse model by Q4 2017. As part of this transition, we have evaluated how the distributor business aligns to our new Snacks go-to-market strategy. While the distributor business has been an essential element of the DSD model for Snacks, it will no longer be leveraged once the transition to our warehouse model occurs.

As a result, we are terminating the Agreement effective August 4, 2017

We are preparing a proposed transition plan that will help you wind-down your Warehouse Distributor business and include mutually beneficial incentives. We understand this is a significant change for you, and you will likely have questions regarding the transition. If you have not yet spoken with your sales representative, he or she will be in touch shortly to discuss the details of the transition and incentive plan you will receive for selling Kellogg Snacks through the end of the transition.

We appreciate your work with Kellogg and wish you the best in your future endeavors. Thank you.