



Shannon Liss-Riordan: Petite Sledgehammer

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BOSTON — An attorney in a boutique Boston law firm, Lichten & Liss-Riordan PC, has gone after giants and won. Many with deep pockets, who employ some of the country's largest law firms, are licking their wounds and probably asking themselves if having been a little fairer in the first place may not have been the easiest route.

It's not just franchisors who are wary of her. Franchise owners too. She has won restaurant tip cases. Liss-Riordan focuses on class action litigation involving failure to pay wages, overtime, gratuities and minimum wage. She took on franchisors who pretended their employees were franchise owners.

Representing pole dancers, waitresses and newly immigrated franchisees, she is known as a champion of the little guy. Her legal wins have gained a reputation in the state, the country and the franchise world.

Her clients dub her "Sledgehammer Shannon."

In August of this year, attorney Liss-Riordan had the final win in a franchise case she was representing. The Massachusetts Supreme Judicial Court smacked Coverall janitorial franchise system with a huge bill for labeling its employees franchisees. The high court ruled that the franchisor must pay back franchise-related fees, including promissory note payments, additional business fees, franchise fees and insurance payments.

Another Boston-based attorney, Seth Stadfeld, explains that janitorial services like Coverall find customers through the national office, call them, collect money and then give back to the franchisee what's left over. He explains that most franchisors aren't like Coverall. "The money flows uphill (franchisees collect money from customers and pay royalties up to their franchisor), while in Coverall and cleaning service franchises, the money flows downhill," says Stadfeld. "In Coverall, the customer relationships flow downhill. It is the franchisors that determine whether you can service the customer or not. For purposes of independent contract status, that really is different."

Experts think the ruling that franchisees can be disguised employees will ripple down to other franchise systems and other states.