



9th May 2007

General Manager
Adjudication Branch ACCC
P.O. Box 1199
Dickson ACT 2602

FILE No:
DOC:
MARS/PRISM:

Dear Sir/Madam,

I write to you after discussion with Marina from your office, to make you aware of some major breaches of Sleepys Pty Ltd.

We have been a franchisee of this organization for 3 years. During that period we have had no end of trouble attempting to get Sleepys to fulfil their obligations under the contract. They simply ignore our correspondence. Only after them being given a time frame to respond before us making an application to the Federal Court, they responded that we must go to mediation. Meanwhile, we, as a small business, are racking up legal costs. Of concern to you is the flagrant disregard of any ACCC ruling allowing them 10 suppliers, which was applied for in 2003. We are being forced to use one supplier, with them receiving massive rebates, which in turn makes us non-competitive in the market place. They will claim that there are many other suppliers, however of the four that we are permitted to buy from, three of them are owned by one parent company. Sleepmaker, Tontine and Dunlop Foams are all a division of PAC Brands (formerly known as Dunlop Pacific). The product is inferior to others in the market place, arrives late on a regular basis and is priced 20% higher than our opposition. Sleepys are in business to foster Sleepys and not to aid their franchisee. We simply must comply or get out.

Secondly, we have written to Sleepys on a number of occasions regarding the marketing fund and what we believe to be its misuse. We pay 5% of our turnover into a co-operative pool for the purpose of group promotion. We have asked to see audited figures for the past three years, as is our right and their obligation under the Code Of Conduct. They must provide these figures within 3 months of the end of each financial year. Sleepys refuse to provide this information. This money amounts to millions of dollars. We believe, at best, that monies are being misused.

There are a majority of Sleepys franchisees that are disgruntled for a myriad of reasons. Most refuse to come forward because of the Big Brother mentality.

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Some of us have just had enough of this farce and are prepared to fight for what is ours legally.

Would you please respond to the writer, outlining our position and what steps we can take to force Sleepys to comply.

Yours Faithfully,

A handwritten signature in black ink, appearing to read "Shawn Redden". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Shawn Redden

CC Paula Preston