

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

ROBERT JEAN, et al.,

Plaintiffs,

v.

THE STANLEY WORKS, et al.

Defendants.

CASE NO. 1:04 CV 1904

JUDGE CHRISTOPHER BOYKO

**Declaration of Scott Wayland in
Opposition to Stanley's Motion to
Compel Arbitration and Dismiss**

I am Scott Wayland, the former human resources Director of the Mac Tool Division of the Stanley Works ("Mac") from 1999 until March 2002. Unless otherwise indicated, I am making this statement based on my own personal knowledge and observations. I am making this declaration at the request of plaintiffs' counsel, but I make it completely voluntarily and truthfully, without receiving any valuable consideration or the promise of any compensation or consideration.

Prior to working at Mac, I had almost 20 years experience in labor relations human resources. I worked at Mac's Columbus Ohio's executive offices. There were no lawyers in Mac's HR department.

In my position, I worked closely with Mac's President, John Aden; I sat on many important management committees that made decisions with regard to Mac Distributors; and I participated in many meetings and conference calls involving Mr. Aden, and the President and CEO of Stanley, John Trani. I found Mr. Trani to be a very "hands on" manager, and he, and Stanley's Board, directed most of the major changes made to the Distributor program while I was at Mac.

It was part of my job to advise Mr. Aden as to whether any changes in policy with regard to the Distributor force complied with Mac's contractual obligations. On several occasions I informed Mac and Stanley that their "new" fiscal policies conflicted with Mac's duties to Distributors. Mr. Aden often turned a blind eye toward such problems. In general, I found that John Aden's actions were purely based on Mac's "bottom line," with total disregard to the effects on the Distributors. His focus was on getting rid of costs, and improving the balance sheet for the next reportable quarter, and to deal with risks or legal exposure later.

For example, Mac was advised by an outside franchise consultant that the "Distributorships" were more likely "franchises". I advised Mr. Aden that Mac ought to comply with Federal Trade Commission regulations governing disclosures to franchisees. Mr. Aden avoided complying with it

and/or denied my recommendations, in part because Mac would not be able to comply fully with the disclosure provisions and the procedural requirements for advance disclosures.

As part of my job, I was responsible for the new Distributor training sessions in Columbus, Ohio. Mac recruited new Distributors who were, by and large, not very sophisticated, and had little or no business savvy. Nevertheless, only a small part of the training provided included how to run a Mac Distributorship as a business. The main thrust of the training program was on sales techniques and collection, as well as how to follow various procedures required by Mac. The training did not include a review of the dispute resolution provisions of the agreements, nor the obligations to be undertaken by the newly recruited Distributor.

I was quite aware of the process whereby newly recruited Distributors were presented with a stack of agreements to sign on the last day of training. I had major issues with these "cattle call" signings. As with other issues that I called to the attention of Mr. Aden, my concerns fell on deaf ears due to the pressure to get the recruits signed up.

I was responsible for making sure that proper recruiting procedures were followed. However, I was limited in my roll to ensure that all documents were timely and correctly distributed, executed, and dated. The

forms where new Distributors were to acknowledge receipt of disclosures and contracts were sometimes backdated by District Managers. Some District Managers employed artifices to get new recruits to sign the acknowledgements without the recruits in fact receiving the documents. The job pressures placed on District Managers with regard to recruiting objectives gave powerful incentives for some of the DM's to cheat in this regard. If a specific instance came to my attention, I corrected it; however, I generally had no way of knowing from the documents that I reviewed.

In particular, I had a systematic concern with regard to the whole process of converting MDSR's to traditional Distributors. By way of background, I was at Mac before John Aden arrived from Frito-Lay, during which time the MDSR program was expanded. When Aden arrived, he perceived the MDSR program as the model for the future, and he bought into the program of phasing out Traditional Distributors, and replacing them with MDSR's. Over time, however, Aden bowed to pressure from Mr. Trani and the Stanley Board of Directors, and he implemented the MDSR conversion process with the goal of phasing out MDSR's.

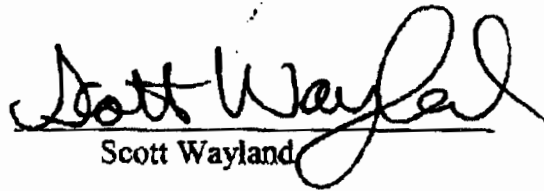
I was involved in the meetings where the first wave of MDSR conversions was planned. John Aden was desperate to get the first wave of conversions done before the end of the fourth quarter of 2000 due to pressure

from John Trani and the Board. Consequently, the Regional Managers and District Managers were put under tremendous pressure, including being threatened with their jobs, in order to increase the number of conversions by the end of the year. At the same time, Aden launched an initiative to lower the compensation matrix for MDSR's, generally cutting their commissions in half. Mac wanted to bring down the pay scale, and push the MDSR's to generate more sales if they wanted to avoid a loss in income.

My main concern with the MDSR conversion program was with the viability of the Distributorships. The first wave of conversions involved many of the top-performing Distributors. As time went on, Mac converted poorer-performing Distributors even though Mac knew that those new Distributorships would be less likely to succeed. Specifically, the territory being assigned did not produce enough sales for the newly recruited Distributor to service the debt and still pay his share of the monthly expenses.

In 2001, I and other managers conducted a study on the viability of the Mac sales force. In a summary email, I wrote that if the employee Distributorships were not profitable for the company, then with rare exceptions, the individual Distributorships likely could not be profitable to the individual Distributors. I was also concerned about the harm being caused to new Distributors.

I declare under penalty of perjury under the laws of the United States of
America that the foregoing is true and correct. Executed this 6th day of
June, 2005, in Columbus, Ohio.


Scott Wayland