

# THE WALL STREET JOURNAL.

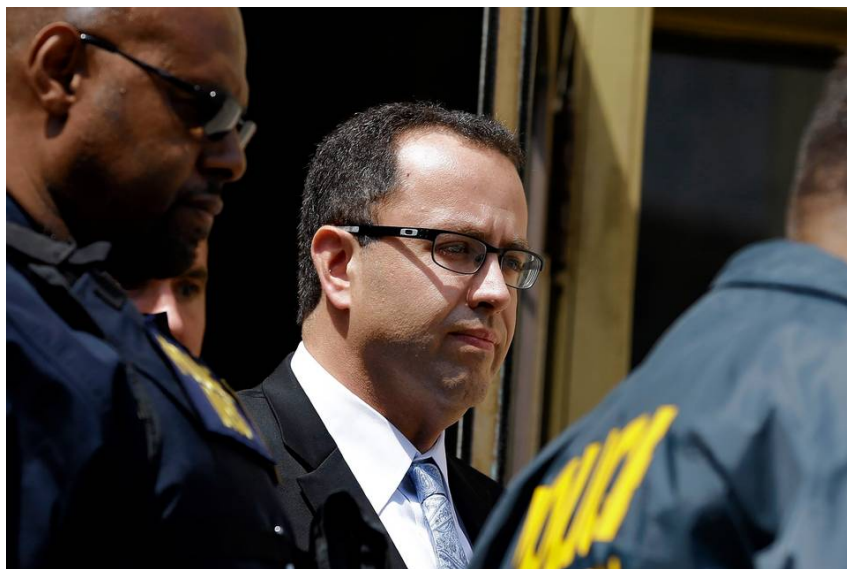
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<http://www.wsj.com/articles/former-subway-pitchman-jared-fogle-to-plead-guilty-in-child-sex-case-1439997231>

## BUSINESS

# Former Subway Pitchman Jared Fogle to Plead Guilty in Child-Sex Case

Charges include distributing child pornography, travel to engage in sexual conduct with minors



Jared Fogle agreed to plead guilty to child-sex charges on Wednesday. Subway cut ties with him last month. *PHOTO: MICHAEL CONROY/ASSOCIATED PRESS*

By **JULIE JARGON** and **MARK PETERS**

Updated Aug. 19, 2015 5:13 p.m. ET

Longtime Subway pitchman Jared Fogle's agreement to plead guilty to child-sex charges caps an embarrassing chapter for the sandwich chain that is likely to cause a broader rethinking among marketers about closely aligning their brands with individual personalities.

Mr. Fogle, who was the face of the Subway sandwich chain for more than 15 years before it cut ties with him last month, reached an agreement with federal prosecutors to plead guilty to charges of distributing child pornography and illicit sexual conduct with a

minor.

The 37-year-old appeared Wednesday in federal court in Indianapolis after the filing of the agreement, which will be reviewed by the court, according to a spokesman for the U.S. attorney's office for the Southern District of Indiana.

Mr. Fogle faces at least five years in prison under the deal with prosecutors, according to court documents.

Prosecutors could ask for a sentence of up to 12½ years, the documents show.

Mr. Fogle will pay \$1.4 million in restitution to 14 victims identified by authorities.

Lawyers representing Mr. Fogle said he had accepted responsibility for his actions.

"Jared also understands that he requires significant psychiatric medical treatment and counseling," they said in an emailed statement. Mr. Fogle has begun that process, they added, by being examined by an expert in sexual conditions and it is his "intent and goal to become healthy again."

A lawyer for Mr. Fogle's wife, Katie Fogle, said his client was shocked by the charges and is seeking a divorce.

Subway last month suspended ties with Mr. Fogle after a raid by federal authorities of his home in Zionsville, Ind., an affluent suburb of Indianapolis. A spokeswoman for the company, owned by Doctor's Associates Inc., said it had no further comment on Wednesday and had "already ended our relationship with Jared."

The situation is widely expected to cause Subway to shift its marketing practices by relying less on any single spokesman, a step other companies are likely to follow, according to marketing consultants.

"I think this event will create a great deal of soul-searching among other advertisers that use spokespeople," said Steve Rivkin, founder of marketing consultancy Rivkin & Associates LLC. "The morals clause in these agreements likely will have stronger language going forward to provide for a quick separation in the event of trouble."

The Subway spokeswoman declined to comment on the company's marketing strategy.

Prosecutors said Mr. Fogle received child pornography from Russell Taylor, executive director of Mr. Fogle's nonprofit Jared Foundation. Mr. Taylor was arrested earlier this year and charged with multiple counts of production of child

pornography. A lawyer representing Mr. Taylor declined to comment.

Court documents detailed how Mr. Fogle's alleged crimes extended well beyond his relationship with Mr. Taylor. Prosecutors said Mr. Fogle solicited underage girls for sexual acts, including meetings at the Plaza and Ritz-Carlton hotels in New York City. Mr. Fogle at times scheduled work travel around meetings for sexual encounters and sent text messages to escorts to help him arrange meetings with girls as young as 14 years old, according to federal authorities.

Though many marketers have suffered embarrassment when their famous spokespeople have run into trouble, few companies' brands are so closely intertwined with one person as Subway's has been with Mr. Fogle.

The chain of more than 27,000 U.S. sandwich shops began featuring Mr. Fogle in commercials in 2000 after the then-college student claimed he had lost weight by exercising and adopting a diet of Subway sandwiches. Mr. Fogle became known as "the Subway guy" and appeared in more than 300 commercials for the brand.

His weight-loss story helped fuel the company's sales for years and contributed to its image as a healthy, convenient place to eat.

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Mr.

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#### RELATED DOCUMENTS

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- Read the Government Allegations (<http://online.wsj.com/public/resources/documents/Jared1.pdf>)
- Jared Fogle Plea Agreement ([https://s3.amazonaws.com/pacer-documents/S.D. Ind. 15-cr-00159 dckt 000004\\_000 filed 2015-08-19.pdf](https://s3.amazonaws.com/pacer-documents/S.D. Ind. 15-cr-00159 dckt 000004_000 filed 2015-08-19.pdf))

Fogle's role was unusual because most brands use people who already are celebrities to pitch their products, while Mr. Fogle's celebrity was created by Subway.

Wendy Patrick, a business-ethics lecturer at San Diego State University, said Mr. Fogle also was unusual in that he was held up as a role model for others seeking healthier lifestyles. "Role models are held to a higher standard than typical celebrity spokesmen. That's really what distinguishes Jared from other people," she said.

Some branding experts said Subway likely will shift the focus of future marketing messages to its food.

"I would be surprised if they went with another spokesperson or 'spokes animal' or anything like that because of the inevitable strong comparison that would be made to

Jared,” Mr. Rivkin said. “Since they stood for so long for fresh and healthy food, I think they’ll return to that in their advertising.”

Other experts said they believed Subway should quickly introduce a new face as a spokesman for the brand to help consumers forget about its association with Mr. Fogle. “The last thing they should do is remain quiet...[Mr. Fogle] needs to be replaced with someone new,” said marketing consultant Dean Crutchfield.

There are signs that Subway is tweaking its approach to advertising. The company’s longtime marketing chief, Tony Pace, stepped down late last month, although he said his departure had nothing to do with Mr. Fogle’s problems. The day after Mr. Pace’s announcement, Subway said it was conducting a review of its creative advertising, according to Advertising Age.

The episode involving Mr. Fogle comes as Subway is trying to rebound from one of its biggest slumps. Years of rapid restaurant growth, increased competition from upstart sandwich shops and recent concerns about the quality of Subway’s food have crimped sales at the 50-year-old company. Revenue at its U.S. restaurants fell 3.3% to \$11.9 billion last year, the first decline in more than a decade.

Still, Subway’s swift action to suspend ties with Mr. Fogle may have spared the company from lasting damage from the scandal, according to marketing experts.

YouGov BrandIndex, a research service that interviews 4,500 people from a representative U.S. population sample each weekday, said consumer perception of Subway dipped a little bit after news broke of the raid of Mr. Fogle’s home, but remains high.

In early July, 47% of adults who were polled said they would consider buying their next fast-food meal at Subway. Over the next 30 days, that figure dropped to 44%. It is now back up to 45%, still higher than most other fast-food chains, including McDonald’s Corp. Subway is a client of YouGov BrandIndex.

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