



# Final Report |

## Review of John Schnatter Statements and Media Response

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Freeh Group International Solutions, LLC



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## *Introduction*

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Freeh Group International Solutions, LLC (“FGIS”) at the direction of the law firm Hughes Hubbard & Reed LLP was engaged to: (1) conduct an assessment of public statements by Mr. John Schnatter relating to race in order to assess the disparity between his statements and press reports concerning such statements; (2) interview Mr. Schnatter’s co-workers, friends, and prominent African Americans in order to determine any racial bias or prejudicial statements or conduct in Mr. Schnatter’s professional and personal life; and (3) interview Mr. Schnatter to gain an understanding of his personal background, specifically the social environment in which he was raised.<sup>1</sup> The individuals interviewed were also asked to provide their perceptions and assessment of the actual comments at issue which were made by Mr. Schnatter and outlined below. The comments examined here are evaluated in the context of their expression, and can be fairly and reasonably interpreted without any special expertise. As to examining Mr. Schnatter’s past personal and professional history regarding racial attitude and any bias, FGIS conducted the equivalent of the type of “background” investigations which are routinely done for governmental appointees, and with which FGIS is particularly experienced.

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## *Executive Summary*

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By way of conclusion and as set forth in detail below, a thorough examination by FGIS found that the public comments by Mr. Schnatter were neither intended nor can reasonably be interpreted to reflect any racial bias, prejudice, or disrespect for African Americans or people of color. Moreover, the FGIS background investigation of Mr. Schnatter, and specifically the personal experiences and reputation he currently has with very prominent African Americans and other people of color, completely validates and corroborates the separate finding that Mr. Schnatter had no prejudicial intent or racial animus when he made the public comments at issue.

The assessment focuses first on statements Mr. Schnatter made in recent years that were widely reported in the press, and whether such statements were fairly reported in the contexts in which they were made. FGIS reviewed the complete recordings and/or transcripts of two instances in which Mr. Schnatter made comments that were later used by some to characterize Mr. Schnatter as having intended to express racially biased and prejudicial sentiments. However, based on a fair and balanced review of those materials, it is our opinion that the statements were mischaracterized

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<sup>1</sup> This report was completed on July 1, 2020 but is dated based on the client’s release date.



as “racially prejudiced” in the mainstream and social media. More importantly, co-workers, associates, and all of the prominent African Americans interviewed by FGIS stated without reservation that the public comments by Mr. Schnatter were not in their view intended to express any racial animus or bias, but had been wildly taken out of context by some media and others. These interviewees further stated their strong belief that Mr. Schnatter never intended to express any racial prejudice in these statements was completely confirmed by their own personal experiences in dealing with Mr. Schnatter over many years, and in a variety of different relationships. They unanimously stated that Mr. Schnatter had never demonstrated to them any racist or discriminatory attitudes. In fact, there was a strong consensus that John Schnatter in his personal and professional life had demonstrated fairness and respect in his relationships regardless of an individual’s race or ethnicity. In addition to the interviewees’ own personal dealings with Mr. Schnatter, these African American interviewees all related that in the communities where they interacted with Mr. Schnatter, he always had a very good reputation as a generous man, who never in conduct or speech exhibited any racial bias, prejudice, or animosity, but rather was and is known to them as always being respectful for African Americans and people of color.

The exact wording of the two statements is set forth below with a description of the context in which Mr. Schnatter spoke. FGIS consistently found that in all the negative media reporting of these statements, the reader was not provided any context or a fair description of the actual circumstances surrounding the statements. This failure served to sensationalize what were inaccurately depicted as racially offensive attitudes by Mr. Schnatter, while at the same time denying the reader knowledge with which to judge the comments in a fair perspective.

Specifically, we reviewed:

- 1) Transcript from Papa John’s Earnings Call on Q3 2017 Results of November 1, 2017.
- 2) Transcript of a phone conference between Laundry Service and Mr. Schnatter.
- 3) Articles and social media in response to the above two statements.

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*Comments on the NFL*

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On November 1, 2017, Mr. Schnatter made comments related to the NFL during a Papa John’s third quarter 2017 earnings call. He specifically stated:

“Now to the NFL, the NFL is hurting, and more importantly by not resolving the current debacle to the player and owner’s satisfaction, NFL leadership has hurt Papa John’s shareholders. Let me explain. The NFL has been a long and valued partner over the years, but we



are certainly disappointed that the NFL leadership did not resolve the ongoing situation to the satisfaction of all parties long ago. This should have been nipped in the bud a year and a half ago. Like many sponsors, we are in contact with NFL, and once the issue's resolved between the players and the owners, we are optimistic that the NFL's best years are ahead. For good or bad, leadership starts at the top, and this is an example of poor leadership."<sup>2</sup>

Later in the call, an analyst with Stifel asked the following question: "Steve, last year NFL viewership was down quite a bit, but Papa John's comps were up 4% to 5%. So, I'm trying to understand why a decline in viewership this year is a much bigger issue." After Steve Ritchie, Papa John's President and Chief Operating Officer at the time, stated that a new product launch may have masked some of the adverse impact of a decline in NFL viewership, Mr. Schnatter added to Mr. Ritchie's initial response with the following:

"Chris, this is John. You need to look exactly how the ratings are going backwards. Last year, the ratings for the NFL went backwards because of the elections. This year, the ratings have gone backwards because of the controversy. And so, the controversy is polarizing the customer, polarizing the country, and that's the big difference here."<sup>3</sup>

Some media reported Mr. Schnatter's statements as specific criticism of the NFL players' decision to continue "kneeling during the national anthem" even though his comments never even mentioned, much less passed judgment on, the players' protest.

Mr. Schnatter's comments were falsely construed as criticism of the players' "protests" both in print and social media.<sup>4</sup> In one instance, Mr. Schnatter was wrongly accused of taking a stand against the players' decision to kneel in protest, with the article going so far as to falsely state that Mr. Schnatter was against the players' protest of police brutality.<sup>5</sup>

This repeated mischaracterization by some media continued to define the public reaction, as Mr. Schnatter's comments were distorted as criticizing the NFL's "failure to curtail players kneeling during the national anthem to protest police brutality against people of color."<sup>6</sup> In addition, the public reaction was that Mr. Schnatter was blaming sluggish pizza sales on

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<sup>2</sup> Transcript from Papa John's International's Earnings Call on Q3 2017 Results of November 5, 2017.

<sup>3</sup> Transcript from Papa John's International's Earnings Call on Q3 2017 Results of November 5, 2017.

<sup>4</sup> The Associated Press, *Papa John's apologizes for criticizing NFL anthem protests*, November 15, 2017.

<sup>5</sup> UPI, *Papa John's chairman resigns for using racial slur in conference call*, Ray Downs, July 12, 2018.

<sup>6</sup> CNBC, *Let the finger pointing begin: Papa John's shares plunge as pizza sales fall, current and former CEOs pass the blame*, Sarah Whitten, August 7, 2018.



“NFL players kneeling during the national anthem.”<sup>7</sup> Contrary to the clearly inaccurate reporting, as can be seen from the transcript itself, Mr. Schnatter never took issue with the players’ protest, and in fact never even mentioned the players or their race as part of the problem. Rather, he said the problem fell squarely in the lap of “NFL leadership.”

As time went by, however, certain media reports simply restated or reported on previous articles, which had mischaracterized Mr. Schnatter’s original statements. During the actual call, Mr. Schnatter mentioned NFL leadership three times in his statements on the NFL, and directly referenced a lack of leadership in failing to resolve the matter to both the players’ and the owners’ satisfaction. In fact, Mr. Schnatter specifically avoided even mentioning the position taken by NFL players and others outside of the league.<sup>8</sup>

Any attempt by some media to characterize Mr. Schnatter’s statements as attacking NFL players or the basis for their protest was factually incorrect, and in effect an editorial comment by the reporting facility. Clearly, Mr. Schnatter’s comments at the time were directed at the resolution of the controversy and its impact on the NFL brand, and the related viewership. The plain meaning of his words cannot be fairly construed to pass judgment on the protests, as Mr. Schnatter simply stated that the issue had to be resolved “to the players’ and owners’ satisfaction.”<sup>9</sup> Any balanced reading of the foregoing earnings call transcript shows that Mr. Schnatter’s disappointment was focused not on the players, but rather the NFL leadership and the NFL’s declining viewership. Although there were some fair discussions in the media as to John Schnatter’s comments, they were drowned out by the more sensationalized mischaracterization in the mainstream and social media.<sup>10</sup>

For whatever reason, Papa John’s was delayed and reactive in their messaging in response to the media mischaracterizations and made public statements only after a Neo-Nazi website, The Daily Stormer, had suggested that Papa John’s was the official pizza of the Alt Right.<sup>11</sup> On November 6, 2017, the Company was forced to counter this message, which was reported in various news articles, by stating, “[w]e condemn racism in all forms and any and all hate groups

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<sup>7</sup> The Associated Press, *Papa John’s apologizes for criticizing NFL anthem protests*, November 15, 2017.

<sup>8</sup> Geraldine Henderson, a professor specializing in race in the marketplace at the Loyola University Chicago’s Quinlan School of Business, interpreted Mr. Schnatter’s comments as an attempt to avoid antagonizing black players, football fans and customers. See “Papa John’s claim that NFL protests are hurting pizza sales is a stretch. But the backlash won’t last.”, *The Washington Post*, by Tracy Jan, dated November 2, 2017.

<sup>9</sup> Transcript from Papa John’s International’s Earnings Call on Q3 2017 Results, dated November 5, 2017.

<sup>10</sup> See “Stephen A. Smith Has No Problem With Papa John’s CEO’s Statement On NFL Protests” First Take, ESPN, November 1, 2017.

<sup>11</sup> Cristina Mazza, *Alt-Right White Supremacists Claim Papa John’s as Official Pizza*, November 3, 2017, at <https://www.newsweek.com/papa-john-alt-right-nazis-white-supremacists-nfl-pizza-701648> (last visited December 13, 2019).



that support it.”<sup>12</sup> The Company finally released a more extensive apology on the Papa John’s twitter account on November 14, 2017, a full two weeks after Mr. Schnatter’s initial statements on the earnings call, providing:

“The statements made on our earnings call were describing the factors that impact our business and we sincerely apologize to anyone that thought they were divisive. That definitely was not our intention. We believe in the right to protest inequality and support the players’ movement to create a new platform for change. We also believe together, as Americans, we should honor our anthem. There is a way to do both. We will work with the players and league to find a positive way forward. Open to ideas from all. Except neo-Nazis — [expletive sign] those guys.”<sup>13</sup>

This message was “too little too late” to counter the public relations “feeding frenzy,” which produced the false narrative that Mr. Schnatter, the public face of Papa John’s, had made negative comments against the players in the NFL. This lack of corporate effort to argue publicly the accurate, relevant “facts” which were critical to protect the Papa John’s brand, and was indelibly intertwined with Mr. Schnatter as the founder of the Company, was either a significant public relations misstep, or some other motivated inaction.

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*Comments on the Diversity Training Call*

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On May 22, 2018, Laundry Service, a marketing firm then working for Papa John’s, initiated a call with Mr. Schnatter ostensibly to develop ideas to engage the media in a more positive manner. It had then been recommended that Mr. Schnatter participate in Papa John’s marketing efforts once again, and it was the company’s decision that Mr. Schnatter’s involvement in TV commercials and branding had been and would continue to be successful. So it was Mr. Schnatter’s belief that the conference call with Laundry Service was intended to address creative ideas for new marketing initiatives.

Instead, when the call commenced, Mr. Schnatter was informed that the focus of the call would be “diversity training,” and would include “role-playing exercises” to foster a discussion of

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<sup>12</sup> See Christian Gollayan, We condemn racism in all forms and any and all hate groups that support it, November 6, 2017, at <https://nypost.com/2017/11/06/papa-johns-to-white-supremacists-dont-buy-our-pizza/> (quoting the statement made by Peter Collins, senior director of public relations at Papa John’s, in a Company press release).

<sup>13</sup> Papa John’s Pizza, (PapaJohns), 14 Nov. 2017, 4:11 pm. Tweet, available at <https://twitter.com/papajohns/status/930588925835522049?lang=en>.



race and diversity. During the call, Mr. Schnatter repeatedly and consistently expressed his rejection of any behavior or statements that were either racist or derogatory. On the call, Mr. Schnatter was asked to provide examples, thoughts, and ideas on the topic, in order to counter prior reporting by the media that certain statements had been racially insensitive, no doubt referencing the erroneously reported NFL comments. As the call was winding down, Mr. Schnatter stated,

“...what bothers me is Colonel Sanders called blacks, n-----s. I’m like, I never used that word. And they get away with it. And we use the word “debacle” and we get framed in the same genre.”

Mr. Schnatter’s above comment was not in response to any question or comment but was made as the call was ending.

After a review of the discussion on the phone conference, the record demonstrates that Mr. Schnatter had an open and frank discussion about race and racial issues in response to questions posed by others on the call. Mr. Schnatter’s comments came as part of a diversity sensitivity training call in which he was stressing his disdain for racism and any prejudicial behavior. At no time during the call did Mr. Schnatter express any beliefs that could be described as bigoted or intolerant. He used examples of acts committed against African Americans near his hometown to illustrate his family’s and his own opposition to racist behavior. Although he quoted a third-party’s alleged use of the word “n-----,” that was immediately followed by him saying, “I never used that word.” Most importantly, it cannot be fairly said that Mr. Schnatter evidenced any intent to use the ‘n word’ in any way or in reference to any person, or to describe how he thought of African Americans, or referenced people of color himself. Although it was ill advised for Mr. Schnatter to reference the use of the word, he quoted the word in order to point out a double standard he thought was being applied against him. However, given the clear context of this statement, no fair reading or reporting can even arguably state that Mr. Schnatter quoted that word with any racist intent or for the purpose of demeaning anyone. As was reported in the media, Mr. Schnatter apologized for his comments in a poorly drafted statement recommended by Company representatives, stating “[n]ews reports attributing the use of inappropriate and hurtful language to me during a media training session regarding race are true. Regardless of the context, I apologize. Simply stated, racism has no place in our society.”<sup>14</sup> The company-drafted apology did not properly convey the context of the conference call and it equated Mr. Schnatter’s comments to racism. The apology was reported in numerous articles in which reporters continued to mischaracterize Mr. Schnatter’s previous statements about the NFL and Obamacare.

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<sup>14</sup> The Washington Post, *Papa John’s founder resigns hours after apologizing for using the n-word*, Eli Rosenberg, July 13, 2018



Mr. Schnatter did not use the word as a racial slur nor was it directed at any person or group. Media reports of Mr. Schnatter's use of the n-word as a "slur" are inaccurate. Simply put, at no time on the phone conference did he call anyone the n-word. At no time on the call did he ever use language that insulted or disparaged any race or ethnicity. The comments were not made in the context as to be prejudicial, but rather to demonstrate his opposition to racism and frustration with his attitude toward race being so misconstrued during the controversy of his comments on the NFL.

In addition, even though his quoting of the n-word came as the call was ending and not in response to any question, the nature and context were mischaracterized by Forbes as a response to a specific question in which Mr. Schnatter was downplaying the significance of his previous comments on the NFL. These mischaracterizations were picked up by other news outlets and further reported. After reviewing the entire phone conversation, Mr. Schnatter's comments were not made in a discriminatory or antagonistic context based on any belief that one race is superior to any other race. The word was not used by Mr. Schnatter in reference to any specific person or group but rather was used to simply reference the word itself. If Mr. Schnatter's comments from the entire phone call had been properly reported, the story would likely have evoked a positive discussion of race, as he had conveyed his disdain for prejudice and racism.

In a similar incident, New York Governor Andrew Cuomo quoted the n-word during a live radio show interview. Governor Cuomo had been discussing racial slurs and stereotypes in response to a New York Times article. The Governor's exact language was,

"They used an expression, that Southern Italians were called, I believe they were saying Southern Italian Sicilians, were called quote on quote, and pardon my language, but I'm just quoting the Times, 'n----- wops,' 'n-word wops,' as a derogatory comment,"<sup>15</sup>

Some New York State Assembly members, including Speaker Carl Heastie defended Gov. Andrew Cuomo for the use of the n-word. Speaker Heastie, who is African American, stated that he did not take offense to the statements by Cuomo because it was a discussion on racism. Speaker Heastie stated, "The Governor was quoting a New York Times story and was using it for context," New York State Senator Kevin Parker, another African American legislator, also came to the Governor's defense stating that he was not offended by the comments and that people had been overreacting to the statement by Cuomo. Although the situations were almost identical in that

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<sup>15</sup> Chandelis Duster, *Gov. Andrew Cuomo uses 'n-word' to make point about derogatory terms against Italians*, October 15, 2019, at <https://www.cnn.com/2019/10/15/politics/andrew-cuomo-racial-slur/index.html> (last visited March 1, 2020).



both Governor Cuomo and Mr. Schnatter had quoted the word as part of a discussion on race, the context in which Mr. Schnatter used the word was mischaracterized or not accurately reported in media reports.

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*FGIS Interview Findings*

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FGIS interviewed Mr. Schnatter in regard to his childhood in Jeffersonville, Indiana. Specifically, the beliefs of his parents Robert and Mary Beth Schnatter. By way of background, Mr. Schnatter grew up in a middle class family. Robert, an entrepreneur and attorney, had several businesses that failed, and the family occasionally struggled financially. Mr. Schnatter described his father as a very generous, kindhearted and respectful man. Mr. Schnatter credited his mother, Mary Beth, with instilling in him and his siblings the value of hard work and personal accountability. Mr. Schnatter stated that neither of his parents ever spoke or acted with racial bias or prejudice towards African Americans or people of color, and that this type of behavior would not have been tolerated within their home.

FGIS interviewed a broad cross-section of nationally and locally prominent African Americans and asked about their reaction to Mr. Schnatter's above comments. FGIS carried out these interviews as if it was conducting an "FBI type background investigation" on Mr. Schnatter, focusing on the allegation that he may speak or act with racial bias, animosity, or prejudice towards African Americans or people of color.

Specifically, the individuals interviewed were asked to review the exact comments and language attributed to John Schnatter during the conference call. The individuals interviewed, who were African Americans or people of color, consistently responded that the context in which John Schnatter made those statements and how he quoted the n-word was important to them in assessing whether John Schnatter was a person who had racially biased beliefs or attitudes. Although the individuals did not condone the use of the word, they consistently related that, based on the context and language that John Schnatter used, they would not consider him to be racially biased, or that he intended to speak in a manner derogatory or disrespectful of African Americans or people of color.

The individuals FGIS interviewed have had contact with Mr. Schnatter throughout his personal and professional life. These individuals ranged from lifelong friends, former employees, business associates, and prominent local and national African Americans. Of the individuals interviewed, some have known Mr. Schnatter for as long as 40 years. All of them have had regular contact with John Schnatter in the past couple of years. The questioning revolved around whether Mr. Schnatter had demonstrated any behavior that was racially insensitive or held biases or



prejudices based on race or ethnicity. Each individual was asked whether Mr. Schnatter had ever demonstrated any behavior or language which was derogatory or disrespectful towards individuals or groups. Many of the individuals considered John Schnatter a mentor in the area of business and entrepreneurship. They shared stories of Mr. Schnatter going out of his way to assist with their own business ventures, or during difficult personal times in their lives. They relayed that Mr. Schnatter had reached out to them to assist before, during, and after building up the very successful Papa John's company.

Many of the individuals interviewed commented that an individual who harbored racial bias or animosity would have difficulty hiding their true feelings over a period of time, and they strongly insisted that John Schnatter never expressed or exhibited any racial bias, prejudice, or discrimination. These witnesses commented that Mr. Schnatter always appreciated them as a friend, business associate, or entrepreneur regardless of their race or ethnicity. They consistently related to FGIS that at no time did they hear Mr. Schnatter be disrespectful, derogatory, or insensitive to others based on race or ethnicity. Conversely, they relayed the opposite observation that Mr. Schnatter appreciated others regardless of race or ethnicity. The interviewees who were African Americans or people of color were absolutely clear that race or ethnicity never played any role in Mr. Schnatter's relationships with them. They all conveyed they would not have had a business or personal relationship with him had they ever sensed that he harbored racist sentiments. In addition to their own personal dealings and interactions with Mr. Schnatter, these witnesses all stated without any qualification that Mr. Schnatter had, and continues to have, a very positive reputation in the business and social communities they share with him in terms of acting, speaking, and interacting with others without any sign or hint of racial bias, prejudice, or social animus. Conversely, he enjoys a universal reputation for treating African Americans and people of color with respect, care, and generosity.

For example, Dr. Sam Tolbert, President of the National Baptist Convention of America, has known John Schnatter for over a year and had approached John Schnatter to support Simmons College and the transition of the National Baptist Convention of America headquarters to Louisville in 2016. Dr. Tolbert was very compelling and detailed in his support of John Schnatter's good character and total lack of any racial bias or animosity. He had approached John Schnatter's Foundation before the 2018 comments but did not stray away from his relationship with Mr. Schnatter after the above-discussed reported comments, as he considered Mr. Schnatter a valued supporter of the College and Convention. Mr. Schnatter was a guest of Dr. Tolbert's at the Bayou Classic in New Orleans, Louisiana in 2019 after the comments from the Laundry Service conference call had been made public. He stated that his sense of Mr. Schnatter was one of being completely comfortable in any environment, and he was a valued guest at the event. Dr. Tolbert stated that the Convention had done their due diligence on Mr. Schnatter, reviewing his comments along with the media's response, and would not have accepted him as a supporter had they not



been convinced that he was sincere in his intent to support the missions of the Convention and College, and did not harbor any bias, prejudice or disrespect of others based on race.

Dr. Kevin Cosby is the Senior Pastor of St. Stephen Church, Louisville, Kentucky, which has 14,000 members. Dr. Cosby is also president of Simmons College located in Louisville, which is one of the most prominent historically-black colleges in the United States. As both a local pastor and well-connected college president in Kentucky, Dr. Cosby has known Mr. Schnatter for several years and considers himself to be a friend and advisor to Mr. Schnatter. Dr. Cosby recounted his inviting Mr. Schnatter to speak to students at Simmons College on entrepreneurship and business development. This visit by Mr. Schnatter occurred after some media attributed negative comments to Mr. Schnatter, with some reports suggesting he had made “racist” remarks. Dr. Cosby first stated that he had personally reviewed the “Colonel Sanders” statement by Mr. Schnatter and, in his opinion, Mr. Schnatter had no intent to make any racially derogatory remarks by his words, but was rather pointing out that a double standard was being applied to him. Dr. Cosby further stated that the claim that Mr. Schnatter made, or intended to use, a racially hostile comment by these words was taking the remarks “completely out of context.”

Dr. Cosby stated that he knows Mr. Schnatter very well and has observed him in many different social and personal situations. At no time did Dr. Cosby ever hear, observe or sense that Mr. Schnatter possessed any racial bias or animosity against African Americans, people of color, or any other such prejudices. As an example of this belief, Dr. Cosby recounted that when Mr. Schnatter came to Simmons College after these remarks were widely reported in a negative manner, Mr. Schnatter was warmly greeted by the students and faculty, mostly African Americans, and not one person either raised the issue of the reported remarks by Mr. Schnatter, questioned, or confronted him in any way. Dr. Cosby said that he never would have had Mr. Schnatter come to Simmons College to address its students and faculty if Dr. Cosby either believed Mr. Schnatter had any racist beliefs or leaning, or if Dr. Cosby thought Mr. Schnatter would not be completely welcomed and celebrated as a guest speaker. As he was, Dr. Cosby further noted that he intends to invite Mr. Schnatter to return to Simmons College in the future for similar visits.

Dr. Cosby was adamant in his statements that Mr. Schnatter never exhibited or projected any racial bias against African Americans (or any other groups or religions) based on all of his personal dealings. Additionally, Dr. Cosby related that in the Louisville community where he serves as a pastor and academic president, Mr. Schnatter has a strong reputation as a fair and humble man who treats everyone respectfully and without any bias or prejudice based on race, creed, or religion.

Mr. Simon Smith is a sixty-six (66) year old African American businessman who served until recently as Papa John’s Vice President for North American Franchise Operations since May 2014. In this capacity, and also as a Papa John’s franchisee himself, Mr. Smith has had frequent opportunities to interact with, travel, meet, and evaluate Mr. Schnatter. When asked if he ever



heard, observed, sensed, or believed that Mr. Schnatter harbored any racial bias, animosity, or disrespect for African Americans or people of color, Mr. Smith said, “never, absolutely never.” Mr. Smith stated that any hint of racism in Mr. Schnatter’s personality, character, or beliefs was “100 percent not the case.” Conversely, Mr. Smith stated that he always heard and observed Mr. Schnatter to treat everyone fairly and respectfully, regardless of race or wealth. This included Mr. Smith never hearing Mr. Schnatter use any racially derogatory names for anyone, or singling out anyone on the basis of race or religion. Mr. Smith at one point stated that “I’m a 66-year-old African American and I’ve been around...Mr. Schnatter is not a racist in any shape or form, but one of the most compassionate and caring persons that I ever met.” Regarding the “Colonel Sanders” comments by Mr. Schnatter, Mr. Smith stated that it “blows his mind” that anyone would say that was a racist remark by Mr. Schnatter, especially if you knew him. While Mr. Smith stated that he would have advised Mr. Schnatter not to have quoted the “n” word, Mr. Smith emphatically stated that Mr. Schnatter’s statement, when taken in context, was “not at all offensive to me.” Mr. Smith added that taking Mr. Schnatter’s comments out of context, and labeling him as a racist was unfair to Mr. Schnatter as well as to African Americans.

Finally, Mr. Smith stated that both at Papa John’s home office where Mr. Smith worked, and throughout all the hundreds of Papa John’s franchises with whom Mr. Smith was in daily contact, Mr. Schnatter enjoyed and continued to enjoy a very good reputation as someone who always found a way to take care of the franchisees. Mr. Schnatter has never been known or perceived in the wide Papa John’s community to be racially insensitive, or to act or speak with prejudice or disrespect about African Americans and people of color. In fact, Mr. Schnatter’s well known reputation is one of a good leader and entrepreneur, never judging anyone by their race or color, but treating everyone equally with respect.

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### *Conclusion*

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Based upon the extensive investigation and highly relevant interviews of Louisville-based and nationally prominent African Americans and people of color conducted by FGIS, there is no credible evidence that Mr. John Schnatter has engaged in a pattern of speech or actions which can be fairly termed as racially insensitive, prejudicial, or biased against African Americans or people of color. Conversely, FGIS subjected Mr. Schnatter (and his reputation) to an open and thorough FBI-like background investigation, specifically focusing on his past statements and conduct regarding African Americans and people of color, as set forth in this report, and have concluded that Mr. Schnatter treats everyone with respect, regardless of race, color, or ethnic heritage. Unfortunately, certain mainstream and social media have engaged in recurring reporting which has materially mischaracterized and misconstrued the two above-described statements by Mr. Schnatter, thereby creating a false image that he speaks and acts in a racially offensive manner,



and intends to speak disrespectfully about African Americans and people of color. This false narrative was completely contradicted by key interviews of both Louisville-based and nationally prominent African Americans and people of color who have known and worked with Mr. Schnatter, including one for as long as 40 years. These FBI-background type personal interviews and testimonies are considered by the FBI to be the most valuable evidence regarding an allegation that a person is racially insensitive or harbors racial bias or prejudice against African Americans or people of color. Moreover, these interviews and testimonies confirm the only reasonable conclusion which a fair person can make after reading the statements at issue by Mr. Schnatter – that he did not intend or harbor any racial bias or prejudice against anyone when those statements are heard in the context made. Indeed, the disparity between those comments, and the distorted way some media have characterized and misstated them, makes it clear that Mr. Schnatter has been unfairly treated, with his good reputation for treating everyone without prejudice unjustly challenged. Mr. Schnatter is committed to answering that challenge with the facts.