National Coalition of Associations of 7-Eleven Franchisees

SEI Continues Campaign of Pressure & Misinformation

On August 7th, each 7-Eleven franchisee received an email from SEI Executive Vice-President and Chief Operating Officer Chris Tanco, which was sent under the guise of celebrating the signing of the new Franchise Agreement by franchisees representing about 100 stores in our system. One did not have to read far to see the true intent of his email – to discredit NCASEF and the public information campaign we are spearheading.

An excerpt from his email reads:

"There is some misinformation being published about the agreement. I would like to clarify a few points…"

Tanco goes on to list these 9 items:

- *Moved from a ten-year to a fifteen-year term;*
- *No requirement to sign a new agreement upon lease expiration;*
- *Offer existing Franchisees the opportunity to rate lock the current GGPS 7-Eleven Charge calculation;*
- *Reduction of the ad fund from 1.5% for the vast majority of Franchisees to 1.0% for all Franchisees;*
- *Provision for a $200 per month Operating Credit;*
- *Facilitated a recommended third-party insurance solution;*
- *Negotiated a preferred payroll vendor arrangement with flat fee of $133 per month for 5 years (maintains clock-in/out at point of sale, ability to fund through open account and new technology solutions for Franchisees including mobile access to payroll applications);*
- *For Franchisees on a 2010 or later form of Franchise Agreement, SEI will finance the initial fees required to be paid in connection with signing the new Franchise Agreement over 36 months at 0% interest;*
- *Language that strengthens the 7-Eleven trademarks and brand for the good of all Franchisees*

In this extremely misleading email, one is to believe NCASEF has been twisting the truth about these items, when, in fact, **not one** of the items listed has anything to do with the points we have been making in interviews with the press or in our communication with all of you. The issues we have been talking about are:

1. Forcing franchisees to pay a flat $50,000 franchise renewal fee – making it the highest known renewal fee in any franchise system in the United States.
2. We are forced to purchase products from SEI approved vendors and suppliers. There is no guarantee these are the lowest prices available.
3. Franchisees will now be forced to remain open on Christmas Day. Previously, this was at the discretion of each franchisee.
4. Texas Law is now the governing law in any disputes – the state of Texas has no statutory protections for franchisees. The right to have legal issues settled in the states we operate in has been stripped from us.

It is our goal to strengthen the 7-Eleven brand. Unfortunately, the goal of SEI is quite different – it's to continue to increase profit margins in their favor, leaving franchisees with a shrinking piece of the pie. National Coalition Chairman Jay Singh sent a registered letter to Mr. DePinto on August 7, 2018. In it he wrote,

We are appealing to you directly to take the following steps to begin repairing the relationship:

1. *Promptly take all deadlines off the table.*
2. *Re-establish a dialogue with the National Coalition.*
3. *Re-open a new negotiating session to come to terms on a new, more equitable Franchise Agreement.*

The "signing bonus" they are offering to us is nothing less than a bribe. And what's worse? They are bribing us with our own money – with the higher operating costs they are recovering that "bonus" in months, if not weeks. We once again implore you to not rush into signing this new agreement. We are working tirelessly to renegotiate more favorable terms to ensure a healthier future for all of us.