



National Coalition of Associations
of 7-Eleven Franchisees

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Media Contact:
Lucila Garcia
lucilagarcia@rational360.com
(323) 646-2150

National Coalition of Associations of 7-Eleven Franchisees (NCASEF) Urges California Attorney General Xavier Becerra to Investigate Oppressive Business Practices by Overseas Investors on Local Immigrant Store Operators

Discriminatory and Unfair 7-Eleven Business Practices Could Put Thousands of Franchisees Out of Business in California

Los Angeles, CA (November 1, 2018) – The National Coalition of Associations of 7-Eleven Franchisees ([NCASEF](#)), an independent trade association for 7-Eleven franchisees collaborating among 12 Franchise Owner Associations (FOA) in California to improve business opportunities and practices, today urged California Attorney General Xavier Becerra to investigate potential discriminatory and oppressive business practices that [7-Eleven Inc.](#) (SEI) has placed in new franchisee contracts and their potential impact on California store operators.

The new SEI-issued agreement would force franchisees into an unbalanced contract that would gouge immigrant, store operators, eliminate a fair and cost-balanced equity in profits, and make the burden of rising costs an ongoing expense for franchisees. If franchisees, including many who have several years remaining on their existing contracts, do not sign these unfair contracts by December 31st, they are being threatened with even harsher terms.

“Many franchisees, like myself, became part of the 7-Eleven family as a means to pursue the American Dream and give back to our community, but that dream is being harmed by 7-Eleven’s attempt to dramatically increase their profit margins on the backs of hard-working small business operators. We are being taken advantage of,” said Paul Lobana, President of the Southern California Franchise Owner Association. “The new agreement issued by SEI is overly harsh and unduly oppressive, and is an attempt to force California franchisees to waive our rights protected by California law.”

NCASEF notes five major issues of conflict and potential abuse of California State Laws in the new agreement all of which collectively make the agreement as an *Unconscionable Contract*. Those include:

1. Imposing a new policy requiring all franchisee disputes to be brought before Texas courts rather than in the state where the franchisee is located in order to deprive California franchisees of important protections from the *California Franchise Investment Law and Anti Waiver Law, Code 20010, Code 31512, Code 20040.5*.

2. Violating *California Civil Jury Instruction 325* by incorporating the so-called business judgement rule and is designed to obliterate the implied covenant of good faith and fair dealing.
3. Violating *California Civil Code §1670.5* by forcing California franchisees to waive their rights to a covenant of good faith and fair dealing; thus deeming the agreement as “overly harsh,” “unduly oppressive,” and “unfairly one-sided.”
4. Requiring franchisees to sign a waiver for their rights under wage and hour litigation that is now pending at the Ninth Circuit Court of Appeals.
5. Threatening all franchisees, including those whose contract expire in several years, to sign the agreement before the end of the year in order to avoid harsh penalties including a greater gross profit split in favor of SEI.

“We believe in the 7-Eleven brand but are saddened that they have gone in great lengths to disregard the concerns of the thousands of franchisees NCASEF represents, which seek a fair and equitable contract,” says Michael Jorgensen, Executive Vice Chairman of NCASEF.

California has 1,745 7-Eleven locations of which, 97 percent are operated by franchisees who collectively employ approximately 25,000 workers and generate more than \$2.8 billion in sales and taxes for the state.

To interview Paul Lobana or Michael Jorgensen, please contact Lucila Garcia.

About National Coalition of Associations of 7-Eleven Franchisees

The National Coalition of Associations of 7-Eleven Franchisees is the national trade association for 7-Eleven franchise owners. Originally founded in 1973, NCASEF is comprised of 44 Franchise Association members who represent more than 4,600 7-Eleven owners in the U.S. For more information on NCASEF, please visit <http://ncasef.com>

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