



National Coalition of Associations
of 7-Eleven Franchisees

December 6, 2018

The Honorable Robert Ferguson
Attorney General
State of Washington
800 5th Ave Ste 2000
Seattle WA 98104

Dear Attorney General Ferguson:

We, the undersigned, are writing to bring to your attention numerous unfair and predatory business practices by 7-Eleven Inc. (SEI) during the course of the franchise relationship that will negatively impact hundreds of Washington small business operators and most of which may violate the *Washington Franchise Investment Protection Act (FIPA)* and the *Washington Consumer Protection Act (CPA)*. We urge you to investigate these oppressive and unlawful business practices.

Many existing franchisees, including many who have several years remaining on their current contract terms, are being threatened with punitive future contract clauses unless they sign the contract being offered now through December 31, 2018. The contract would alter the balance of power within the franchise agreements in favor of SEI and to the detriment of franchisees. It would materially reduce the profitability of the businesses that franchisees have and, in many cases, worked years to develop.

The Greater NW Franchise Owners Association (FOA,) an independent association of 7-Eleven franchisees (an association specifically protected by the FIPA) that works to improve the business conditions for all 7-Eleven franchisees in Washington and the Pacific Northwest and who is a member of the National Coalition of Associations of 7-Eleven Franchisees (NCASEF,) has identified the following specific issues to justify action by the State of Washington to protect its local business owners.

1. The threat of even more onerous contract terms in the future unless the franchisees acquiesce in signing a new and less favorable (than what they have now) form of contract by December 31, 2018. This is an unfair act or practice under *RCW 19.100.170(4)*; it is a violation of the obligation to act in good faith under *RCW 19.100.180(1)*; and it is an unfair act or practice under *RCW 19.86.020*.
2. Attempting to coerce franchisees to sign a waiver of their rights under *RCW 19.100.160* to have any future disputes resolved in the courts of Washington by requiring franchisees to agree that all disputes will now be heard in the courts of Texas. This is a violation of the anti-waiver provisions of *FIPA*, *RCW 19.100.180(2)(g)* and *RCW 19.100.220(2)*.
3. Attempting to coerce franchisees to sign a waiver of the statutory duty of good faith (*RCW 19.100.180(1)*) as well as the common law implied covenant of good faith and fair dealing by, among other things, forcing them agree that SEI's actions will be governed by the "business judgment rule" or, in effect, lose their investments.
4. Attempting to coerce franchisees to sign a new agreement (a novation) before their current contracts expire that contains substantial and material increases in and additional fees and mandatory expenses to be borne by franchisees. This is a violation *RCW 19.100.180(2)(h)* which provides that it is unlawful for a franchisor to "[i]mpose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary." The new requirements are neither reasonable nor necessary but, instead would deprive

franchisees of a material portion of the benefit they bargained for in signing their existing franchise agreements with SEI.

Our 7-Eleven franchisees community are hard-working small business operators who live and raise our families in Washington State. Many of our members are immigrants or the children of immigrants who sought to pursue the American Dream through owning and operating one or more 7-Eleven stores. That dream is being threatened by SEI's current effort to shift the playing field so its shareholders become more wealthy on the backs of hard-working Washington small business operators.

Furthermore, other franchise corporate giants may seek to imitate SEI's business tactics, resulting in even more widespread losses by hard working small business operators. We urge you to take whatever action is within your power to enforce Washington's laws that were adopted to protect the investments of franchisees. Without help from people like you, a lot of these small businesses will not survive.

Thank you for your consideration and for your desperately anticipated assistance. Should you have questions or need more information, please feel free to contact Ajinder (AJ) Handa, president of Greater NW Franchise Owners Association at gsfoa13@gmail.com or (425) 308-1216.

Sincerely,

Ajinder (AJ) Handa
President, Greater NW Franchise Owners Association
Vice Chairman, National Coalition of Associations of 7-Eleven Franchisees

Tad Mollnhauer
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National TUPSSO Franchise Owners Association ([TUPSSFOA](#))

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Jim Finigan
Subway, Papa Murphy's and Clover Franchisee Owner
CEO, [Conversion Concepts, Inc.](#)
Conversion Concepts operate approximately 34 Subways, 4 Papa Murphy's, and several Clover restaurants in Washington, Idaho, and California and employ more than 450 workers.

John Motta
Chairman
Coalition of Franchisee Associations ([CFA](#))
Coalition of Franchisee Associations, Inc. represents more than 41,000 franchise owners and brings together 17 of the largest and most reputable independent franchisee associations from across the country. As the only trade association dedicated to franchisees, CFA is committed to protecting the integrity of franchising and preserving the value of franchised businesses.