

Franchise Attorneys, Necessary to Disclose Unserved Lawsuit?

Article by: Lance Winslow

In the franchising industry attorneys seem to think that it is necessary to disclose unserved lawsuits. They ask; are all businesspersons honest, rational and lawful? Yet in franchising there are 450,000 outlets and the fraud rates are next to zero as it is self-policing in that if franchisors treat franchisees unethically then, the franchisees will fail and the franchisor will be harmed in brand name and never receive their royalties. They ask if Adam Smith was correct about the invisible hand and what about franchisors which believe they can make more cash in avoiding, thwarting or other wise sneaking around the law.

It seems as if Franchise Attorneys are missing the point or at least that is the opinion of some in the franchising industry, when it comes to the issues of over disclosure in franchising. The Franchise Attorneys seem to believe that Franchisors should disclose any lawsuit prior to being served, yet what franchisor has such a crystal ball? Even the Federal Trade Commission sends out a press release to 8800 media outlets on a Friday Afternoon before they file and before they serve anyone.

Such a rule to disclose being sued in a Uniform Franchise Offering Circular prior to being sued would give the franchisee with a frivolous lawsuit the upper hand in negotiation prior to the suit, which could stop sales. Such a rule would mean that every time someone threatens to sue you, then you would have to disclose it. In fact some self-righteous attorneys think that this is fair and honorable.

I find your line of reasoning troubling in that there are so many attorneys who might often lie, self deal, sell away and are hijacking the law for personal gain? For those few bad attorneys in the legal profession, well shouldn't they come clean and disclose all their information.

I mean what I guess I am saying is; Forget Adam Smith, what about Caesar? The fact is that there is so much over disclosure in franchising, that these documents are now well over 200 pages and really that only serves attorneys not the parties involved trying to run a business. In fact we know this only provides barriers to entry into franchising and hefty fees for the legal profession in Franchising.

Many business owners out in the real world are starting to say that there is probably no less dishonest group of professionals than those in the legal business, yet such little oversight. This is what we are hearing on the street.

We need to get the attorneys out of the way so we can conduct business and enjoy our rights to free contract and free enterprise, as this is a real issue, which one just cannot seem to justify. Franchisors have such a small rate of fraud considering the 450,000 franchise outlets. Can the legal profession say the same. NO, the answer is NO. You know? In fact in franchising there are so few violations that regulators often embellish cases and doing creative writing to make it look like they are doing their jobs, because there is no fraud to speak of. Let's discuss the truth and lets start with the legal profession, where some say the real problem is in franchising. Once we clear the lawyers, fertilizer and minutia from the industry, well, then we can work forward shall we? Lance Winslow - Online Think Tank forum board. If you have innovative thoughts and unique perspectives, come think with Lance; www.WorldThinkTank.net/wttbbs/