

Franchise Regulations Change, but No 'Existential Threat'

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Susan Grueneberg was quoted in a Franchise Times article discussing the legal issues and regulatory changes impacting the franchise industry. One change involves the broadened joint employer standard announced by the National Labor Relations Board (NLRB), which could hold franchisors liable for labor law violations alongside franchisees. Additionally, the Federal Trade Commission (FTC) is reviewing franchise disclosures and considering new rules to improve fairness in the franchisor and franchisee relationship. Susan noted the new franchise bills in Arizona and Georgia and anticipates that more states will introduce regulations.

Susan shared, "One of the things I see in California, and a number of other states that regulate franchising, is the focus on regulation of franchise brokers. I've talked to franchise brokers I know and alerted them that there's going to be something coming down the pike regarding this." She also discussed the adoption of the North American Securities Administrators Association (NASAA) policy on disclosure documents, which may lead to more arbitration cases.

Susan explained, "Another thing we can see with this adoption of questionnaires and acknowledgments is more systems going to arbitration." While there are concerns and uncertainties regarding legal changes, Susan advised franchisors who are unnerved by new state regulations not to panic. The general sentiment is that franchising remains a strong business model likely to withstand and adapt to regulatory challenges.

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