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**From:** Arne <arneschonb@sbcglobal.net>  
**Sent:** Tuesday, December 7, 2021 5:47 PM  
**To:** NASAA Comments  
**Cc:** Dale Cantone; Andrea.Seidt@com.state.oh.us  
**Subject:** [EXTERNAL]Comment on Franchise statement and questionnaires

Dear NASAA:

My experience with a franchise was the same as other's, both with the same franchisor, and other franchisors. I invested about 350,000 dollars in a retail franchise that offered training opportunities and a gave me a franchise document that showed other successful shops in the franchise system.

When I asked the head sub-franchisor what happens when a location does not make money, the franchisor stated that the company has always bought the troubled shops from the franchisee. He gave examples including a shop in a mall that acquired a gang problem and went down. He also told of a shop that was destroyed by an accident with cruise ship hitting the riverside shopping center and the company was said to buy that franchisee back.

Fortunately, this response was heard by my spouse and by another potential franchisee, because, not surprisingly, he denied making any such averment.

The documents I signed took great pains to disclaim any warranties and understanding that there were risks in business and we were not to rely on any statements made outside the document, which of course negated the promise made.

My shop was not profitable, and after 4 years of actions by the franchisor that negatively affected my shop, such as a change in certain branded merchandise that made up one third of my products, unsaleable in my minority market! I demanded a buyout, which they refused. After many heated arguments and threats of a lawsuit, they bought my shop for an amount that made me whole, buy did not pay for any lost profits or expectations of increased value. The disclaimers caused me to settle instead of risking court. I am quite sure that a franchisee who was not a lawyer would have lost their investment.

A new rule that prevents promises from being made irrelevant is what is needed to protect investors.

Thank you,

Sent from my iPad:  
Arne Schonberger  
Attorney at Law, Retired  
Advice for "senior target" victims of investment advisors.

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