

Franchise

There are nearly a million franchised businesses in the United States and the franchise industry's value as an economic driver in the private sector is worth trillions of dollars.

Andrews Kurth counsels franchisors, franchisees, lenders and investors on a wide range of issues confronting these businesses in this difficult and competitive market. Our extensive background advising clients involved in the foodservices, hotel, convenience store, gas station and other real estate franchise sectors means that we can handle franchise matters efficiently.

We are experienced in handling large multiple property/state portfolio transactions and issues that typify many franchise matters. We work to manage the multiple party expectations and meet timelines for closing deals, which typically involves preparing multiple state mortgage documents and managing costs of local outside counsel in the multiple states involved in a transaction.

In a distressed asset/workout matter, whether in a receivership, bankruptcy or out of court, we provide legal counsel in the following:

- Hiring of operators on an immediate basis to take over and operate multiple properties and businesses simultaneously anywhere in the country
- Resourcing marketing and sales groups that can provide advertisement of multiple properties in multiple states
- Preparing standard bid and sale package forms for use nationwide
- Negotiating purchase and sale documents
- Providing oversight in the sale of the assets in the multiple states
- Handling litigation matters in the states where the properties are located including tax foreclosures, mechanics liens claims, landlord and vendor matters, and competing creditor matters

Our lawyers with experience in the restaurant industry know how to protect clients' interests and maximize their opportunities. Our experience spans from safeguarding lenders from franchisee default and strategically structuring franchise loans to guiding clients on antitrust issues and high-stakes litigation. Our most recent franchise representative matters include:

- **Real Estate Acquisitions**—Advise franchise restaurants in numerous land purchases and related environmental regulations and construction issues applicable to foodservice operations.
- **Real Estate Loans**—Representation of lenders and borrowers in connection with loans involving franchised properties, including hotels, restaurants and convenience store/gas stations.
- **Financings/Sale-Leaseback Transactions**—Represented the lender in its financing of several sale-leaseback transactions, one involving 83 convenience store/gas station properties located in seven states with eight loans totaling \$66 million, and another involving 181 fast food restaurant locations in 22 states, with a loan totaling \$230 million.
- **Franchise Loan Securitizations**—Advise and counsel numerous sponsors and issuers of securitization transactions backed by a wide range of financial assets, including franchise loans and royalties.
- **Restructuring and Bankruptcy**—Representation in numerous reorganizations, in court and out-of-court, involving national chain restaurants, including Tony Roma's, Magic Restaurants, AmeriStop and Honey Stop. In these restructurings, we provided counsel regarding the material franchise issues, including the franchise's goodwill and reputation that can erode during restructuring, and worked to preserve the clients' interests throughout the process.
- **Receiverships**—Representation of lenders and loan servicers in receiverships of large multiple property/state portfolio franchisees involving national chain restaurants such as Hardees and Checker's, including the appointment of a receiver, the implementation of operators, brokers and marketing companies to oversee the sale or liquidation process, the preparation of multi-state sale documents, the conduct of real property and UCC foreclosures, and litigation in the various states.
- **Investment Partnerships**—Represented Tri-J Capital Partners in the formation of an investment partnership and the acquisition of 29 Applebee's franchised restaurants.

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- **IP Protections**—Regularly counsel on intellectual property protections and litigation including trademark, copyright, trade secret, proprietary information rights and licensing.
- **Franchise Litigation**—Represent national hotel, restaurant and real estate franchisors in multiple breach of contract and trademark lawsuits against franchisees; defend franchisors in fraud, unfair competition, and breach of contract and intellectual property litigation.