

██████████

Subject: franchise enquiry details

MY SUBMISSION IS REGARDING THE ██████████ AND WHY THE RESOLUTION PROCESS HAS TO CHANGE AND THE POWERS GIVEN TO HEAD FRANCHISES OVER THEIR FRANCHISORS/FRANCHISEES. I thought i would start with 2 quotes from ██████████ and what transpired for these emails to be sent to me. " you failed to put the business on the market for a fair market price . therefore you will be terminated and get nothing . normally i would allow you 80% of the sale ,but given your decision to involve a lawyer and drag me into mediation,i'll use these proceeds to cover my legal and other costs instead ". ██████████ " understand your reluctance to handover but i'm afraid that leaves no option. i'll get sharon to send a letter of termination." ██████████ " you can get the accc involved but they can't do anything to me " (this was sent to another ex franchise and than passed on)"

note i am involved in legal action with the ██████████ at present ,but as ██████████ says i invite ltergation and i have not been successfully litigated against".

the reason for this as explained to me by ██████████ last year is that he uses delaying tactics (as used with ██████████ irrigation case - changed lawyers 3 times and changed his defence a couple of times.) by bleeding people of money so they cannot recoup any lost investment .(knowing that most people who buy a ██████████ franchise cannot afford to spend \$50 to \$100,000 to take him to court) so he bullies/threatenes them untill they walk away.

BY THE WAY A FAIR MARKET PRICE TO ██████████ IS LESS THAN THE COST OF A NEW FRANCHISE WITH NO FRANCHISEES - I HAVE 6 INCUDING INCOME ,WHEN YOU BUY IN YOU HAVE NO INCOME AND START FROM SCRATCH.

if you want ██████████ to answer a question he doesn't want to answer he says i will answer you in court knowing fully that IT will not happen.

this is where the mediation process falls down due to cost.

in my case i bought a ██████████ poolcare franchisor rights and in the first year i was voted franchisor of the year and than started a ██████████ poolcare retail outlet (the second in qld) to get the name out in the market place.

18 months later i have been voted out through a clause ██████████ has in their contracts that states that if 51 % of the franchisees vote a franchisor out they have three months to fix identified problems than if the franchisees decide again they can force the franchisor to hand over to a caretaker manager and be forced to sell their business within 6 months and if not sold lose their investment and the income received in this time is paid to the caretaker manager as well. there is a process that is followed and is supposed to be we are told when we join up that it is not easyto achieve a dismissel(basically does not happen).get voted out

in my case this has happened as it is easy to see the vote out process is very easy. i was voted out by the franchisees because they said they were not makeing enough money and it was my fault because i was not getting them enough work. (i have an email sent to me from ██████████ right hand man questioning the fact that the due process was not followed.) ██████████ was telling the franchisees even before the process was taken that i would not be able to hang onto my price and would be forced to sell.(basically for what ever i was offered)(and saying you might find marc will find the money to buy the business whrn he gets into the role) it is more interesting to note that the caretaker manager in my case tried to buy my business twice before and was unable to come up with the money .he is now running the business and getting an income from it with no investment or money down.(with reduced fees over a four year period which is far below the other franchisors who started when i did)

as one franchisee said to me ,they were frustrated with the ██████████ and the only avenue they had to vent their frustration was to vote out me as franchisor and have a change of leadership."that simple"

it is more interesting to note that the franchisor voted franchisor of the year after me is also going through the same problems as myself except he was given more time through an extension given by ██████████ due to the correct process not being followed.(i have many of emails and records over the past almost three years to support the fact that i was doing everything required as a franchisor.)

Again i say to rectify a problem the only avenue you have is through mediation and court proceedings which most franchisees /franchisors cannot afford. ██████████ knows this and works it to his advantage.

the problem you also have with ██████████ is that it is a 4 tier system.

██████████
divisional
franchisor
franchisee

the franchisor is sold the business by the divisional but signs a contract with the ██████████
therefore any comeback by a franchisor is on the ██████████ and not the divisional.

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the franchisees comeback is on the franchisor and the buck stops there due to [REDACTED] and the current mediation process.

RETAIL OUTLET

when i purchased the [REDACTED] retail poolcare outlet a spreadsheet was handed out with approximate costings and break even points (not part of the contract) -it turned out that the break even point was around \$70,000 higher than figures suggested. 35%-40% more than the estimated (apart from difference in rent) a reasonable variance i don't think so.

also a retail figure was suggested for so called free stock that was advertised on the [REDACTED] website (over inflated price) and i was given a list of suppliers i had to deal with for a set period of time to get the free stock as advertised. (not given with contract or did not form part of the contract) and did not get the suppliers until 12 days before opening the store..

i have now found out that i could source the same /similar products from other suppliers cheaper than the so called preferred suppliers. (note there is a clause in the [REDACTED] contracts that says there is to be no restriction of who a franchisee can buy through /part of all [REDACTED] contracts.- by haveing to sign supplier agreements this is in direct contradiction to the contract.

nothing you can do as it does not form part of the contract and the contract is with the [REDACTED] by the way out of 5 retail outlets in the [REDACTED] system 2 have walked away ,one original store opened by the divisional cannot be sold after i think 5 or 6 years even for less than half the original buying price includeing fit out.

the divisional was even going to GIVE a retail franchise away to one person if he bought a mobile territory. (basically that our retail shops are worth nothing)a mobile territory is worth \$24,990 retail outlets were sold for \$49990 + fit out.

i have increased my profits by not dealing through preferred suppliers.

[REDACTED] BIN CLEANING- sunshine coast region.

i bought into the franchisor rights for [REDACTED] bin cleaning as i realised that i could not make a living out of the poolcare regional rights and the retail outlet the way it was set up. (note this was before voted out)

i rang all existing franchisors and everything sounded good.

3 months in the divisional abandones the division and there is no one to look after the division apart from the fact that there had not been a bin cleaning rig that had worked properly from day one with out having to be modified to be capable of doing the work that is quoted to earn the type of money as per figures presented when purchasing the franchise.

no support given i had to work out away of getting the bin cleaning rig to work. (at my own exspense and over a period of months of fixing ongoing problems in the system.) [REDACTED] asked how much the region cost and said that the australian rights were not worth that much.

the australian rights to [REDACTED] bin cleaning was sold for less than i purchased the region for.

again [REDACTED] says nothing to do with him as he did not sell the rig to me even though the contract is with [REDACTED] YOU could say that my experience with THE [REDACTED] AND [REDACTED] has been nothing but a disaster.

WHEN YOU BUY A FRANCHISE AND THE REASON YOU BuY A FRANCHISE IS FOR THE name/logo(not so much in my case as they call me [REDACTED] all the time even though i have my name on my shirt) TRAINING /SUPPORT /BUYING POWER AND A PROVEN SYSTEM AND LAST BUT NOT LEAST FOR THE RECOGNITION OF THE NAME [REDACTED] (HIS FACE/LOGO) (UNFORTUNATLY NOT RECOGNISED AS A FORCE IN MOST OF THE NEWER FRANCHISES - AS PEOPLE THINK OF [REDACTED] NOT [REDACTED] IN OTHER DIVISIONS) BUT IN THE CASE OF THE [REDACTED] THIS DOES NOT SEEM TO MATTER AS DEMONSTRATED AND IS ONLY ABOUT SELLING FRANCHISES AND NOTHING ELSE. (IF THE FRANCHISEE FAILS WE JUST SELL THE AREA AGAIN)i know an area on the sunshine coast were a franchisor has resold a territory twice when franchisees have walked out before. (i do realise it can be the operator but twice in 3 to 4 years same division same area.?)

there is very little to no support from the national office or the divisional. [REDACTED] even said in one email that franchisors involved in 2 divisions almost certainly fail. --- yet he is still happy to sell 2 franchisor rights to the same person. (with out first adviseing them of the fact) THIS SAYS SOMTHING ABOUT THE [REDACTED] ETHICS.- CHURNING COMES TO MIND.

one other thing that has changed since joining is that [REDACTED] is that the national office will not draw up contracts/disclosures to be handed out to prospective franchisees anymore. the documents are prepared by national on disc format and sent to the franchisor with a disclaimer saying they are not to be held responsible for the documents they prepare and individual legal advice should be sought before printing out what they have prepared (even though they charge for the service). thus passing all contract responsibiltys onto the franchisor in [REDACTED] CASE.

[REDACTED] does not believe he can be held accountable for anything on his contracts.- even though his name and logo are printed on them.

I also have a [REDACTED] mobile poolcare business which i granted myself as a franchisor. (all franchisors are told when

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buying franchisor rights that this can be done.) and actually advised to do so to generate income to start with. in my case along with many other franchisors i had a contract drawn up by national (paid for the privilege) signed the contracts sent them to the call centre -outlined the fact that i would be having a subcontractor doing the work for me -had them put on the system with the area to be worked and paid fees on the area for almost 12 months. (paid \$2000 + for pool data to start the customer base) now [REDACTED] has decided to take the mobile off me as well and has given it to the subcontractor who was running the area on my behalf who i also have a contract with to buy the same area by august next year. (the caretaker manager)(note i was told i may be able to be given another region by the caretaker manager if i filled out an application form but not the original area i had a contract on.)

THE SAME THING AGAIN [REDACTED] DECIDES TO DO WHAT HE WANTS LEGAL OR NOT AND THE ONLY WAY THIS CAN BE RESOLVED IS BY (you guessed it mediation/court worth thousands of dollars.)

[REDACTED] group will only allow the FRANCHISOR to name the franchisees in his/her own region in its disclosure documents for prospective purchasers. (ie if there is only one franchise in that region that one franchisee is the only one that is allowed to be on the disclosure document) . if there is 10 in the region next door they cannot be named. - i was threatened with breach of privacy if i named anymore franchisees outside my region.

i always thought that a disclosure document was supposed to allow a prospective franchisee to get an informed decision regarding buying a franchise. -? you would think the more franchisees they can talk to the better.

i will also make note of the fact that twice i have had to get information regarding legal reasons from [REDACTED] NATIONAL and in both circumstances they have not been able to find the documents until i could prove and supply a copy of the documents required myself. (strange or disturbing or on purpose)

i have also included an article i was given regarding yet another division in [REDACTED] that has been set up without being tried and tested as a franchise should be before being sold.

note this division has just been resold to a south african moving to australia .- members of [REDACTED] went to south africa to bring people into australia to boost THE [REDACTED] NUMBERS.

I realise this all sounds far fetched and i have been accused of looking for conspiracy theories by [REDACTED] . but i have correspondence /emails etc to confirm everything that has transpired since my unfortunate association with [REDACTED] and these new divisions of [REDACTED].

on receipt of some of the emails i have received from [REDACTED] even my lawyer has been stunned by what has occurred and the condemning statements made by those who are my supervisors.

i will leave you with a final quote from [REDACTED] regarding the franchisor rights for poolcare (basically showing that division was not tried and tested and should not have been approved for franchiseing under its present model after another franchisor who has not been referred to above wrote/emailed him this month.)

I COMPLETELY AGREE FRANCHISOR FEES ARE FAR TO HIGH IN RELATION TO INCOME AND REGIONS ARE TO SMALL. [REDACTED]

MICHAEL SHERIDAN



Michael Sheridan
Franchisor

21/08/2008

Pool Care

AVAILABLE TO ALL FRANCHISEES / FRANCHISORS

OF [REDACTED] COMMENTS ENTERED ON [REDACTED]
From: [REDACTED] FORUM. 4/6/08 11:58 AM BY [REDACTED]
Sent: Monday, 16 June 2008 5:14 PM UNDER HEADING [REDACTED] 006
To: [REDACTED] Pool Care (Sunshine Coast Region) WASH NSW, QLD
Subject: DOG WASH LETTER... [REDACTED] 1/1/2006 60 006 WASH FRANCHISEES

Found on the same site....

FRANCHISORS WENT BUST AS A RESULT OF NO TRAINERS AVAILABLE FOR 6 MONTHS.)

1/1/06 44 (ON THIS DATE GEOFF TERMINA
3/12/06 41 (BASICALLY BECAUSE NSW + Q



THIS

Re: [REDACTED] 4/6/08 38
DIVISION HAS JUST BEEN RE SOLD TO
i also found this on a SOUTH AFRICAN GUY WHO I
<http://www.notgoodenough.org/index...00b831c3c0>
MOVING TO AUSTRALIA TO TAKE THIS MESSAGE
Dog Wash OVER.

Join Date: Feb 2006
Posts: 125

NGE Member: [REDACTED] says:

We became Regional Franchisors in a division that showed a lot of promise for us in the Gold Coast and South Brisbane regions (Dog Wash).

Firstly we became franchisees in late 2003. In an ominous omen of what was to come, the centre piece of the franchise (the trailer) was delayed and not delivered until March 2004. While we waited ever so patiently, we were approached to become Regional Franchisors. I started as Regional Franchisor and as a Franchisee on 1 April 2004.

By October, I had sold my third franchise. Almost immediately the wheels fell off.

Our Divisional Franchisor (manager of Dog Wash) confronted the trailer manufacturer over a price increase. Apparently there was quite a heated argument with the result being the trailer manufacturer refusal to build any trailers for our division for the foreseeable future.

With no other manufacturer building a trailer that was deemed suitable by the Divisional Franchisor, he found a fibreglass boat builder on the Gold Coast, but did no back ground checks. This boat builder agreed to produce a mould and build trailers for the division. First, though, he needed a trailer to use as a template.

As the builder was in my area, I volunteered my trailer, on the proviso that my trailer was needed for only two weeks. Two weeks became six months. I eventually got my trailer back in March, severally damaged with no hope of compensation from the builder or [REDACTED] and the division still had no trailers from this manufacturer.

Meanwhile another manufacturer was sourced in Melbourne, and while they completed moulds by February, they decided not to produce trailers. The moulds were then shipped to Tasmania where another company started production.

In a desperate attempt to keep financial, I have sold an investment property, sold a car, and taken out loans. I now work as a salaried employee in Brisbane city Monday to Friday, and work Saturday and Sunday washing dogs in my woeful trailer. I have a beautiful 5 month old daughter and an equally beautiful wife who hardly sees me. I am exhausted and broke.

Each month a new demand for \$1100 in fees arrives which I can't pay. The damage to my income earning potential has never been fully recognised by [REDACTED] who has insisted on payment of monthly fees and royalties.

Eventually [REDACTED] agreed to let me pay fees off over a period of twelve months, but as yet nothing has been produced in writing to advise me how this is to be done, nor does the accounts department know of this arrangement.

Only two days ago I received a new demand from the accounts department now saying that payment is due in full within ten days, and failure to pay will see me summons to court and my Franchisor region terminated.

It's a sad reflection on [REDACTED] Dog Wash that I am not alone. Indeed, two other Franchisors are in the same boat as me. Broke and struggling to survive.

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