

# FRANCHISE BUSINESS ACQUISITIONS

## OVERVIEW

Franchisors and franchisees face unique challenges when it comes to acquiring and divesting businesses. Investment in franchised businesses from private equity firms and family offices has revolutionized the landscape. As such, the franchise industry has been rapidly consolidating. Armstrong Teasdale's [Franchising and Distribution](#) lawyers have deep experience representing clients on both the buy and sell sides of such transactions and understand the intricacies of franchise deal structures. We also leverage lawyers from our robust Mergers and Acquisitions, Debt Finance, Securities and Corporate Finance, Employment and Labor, and Tax practices to provide comprehensive guidance, no matter the specific strategic goals.

Our depth of experience allows us to provide counsel throughout the entire transaction process, from initial planning through due diligence and closing, as well as take into consideration post-closing issues, future acquisitions and exit strategies.

## CAPABILITIES

- **Buying and Selling Franchise Businesses:** Our attorneys have extensive experience representing private equity firms and other investors in making strategic purchases of franchises (both taxable and tax-free), acquiring controlling interests through private offerings and other investment vehicles, and closing management buyouts, leveraged transactions, joint ventures and numerous other deal types.
- **Contract Negotiation and Preparation:** Productive negotiations require balancing the franchisor's needs with the franchisee's legal risks. Our lawyers help clients navigate the intricate details of each contract and its respective clauses from various perspectives, including attention to technology and data privacy issues.
- **Franchise Buy-in/Partnership Agreements:** When purchasing a franchise with partners (whether operational or financial) or buying an interest in an existing franchise, we work with clients to establish the most favorable agreement terms.
- **Capital Raises:** We help franchisees navigate the investment resources necessary to fund acquisitions as well as expansions and ongoing operations. Clients benefit from the firm's in-depth experience with [private equity and venture capital](#) investors to balance risk and return for all parties involved.
- **Franchise Financing Issues:** Members of the firm's robust [Debt Finance](#) practice provide borrower-side representation to franchise clients throughout the entire life cycle of financing needs, including both distressed and non-distressed situations.
- **Executive Employment Agreements:** Working with lawyers in our [Employee Benefits and Executive Compensation](#) practice, we provide counsel on a wide range of benefits and compensation-related matters, including executive pay, equity compensation and supplemental executive retirement plans (SERPs), among others.
- **Management and Shared Services Agreements:** We counsel clients on the legal aspects of franchise management and operations, as well as drafting and negotiating shared service agreements in the context of transactions, from the market-specific level to international shared services.

- Regulatory Licensing: Once a franchisee acquires a license for their franchise, there may still be a number of regulatory licensing needs applicable to the particular type of acquired franchise. Working with colleagues from across practice areas, our franchise lawyers counsel clients on what they need to legally operate their business.
- Real Estate Leasing, Acquisition and Divestiture: Skilled lawyers in our [Real Estate](#) practice area provide comprehensive representation in all facets of real estate law, including transactional purchase and leasing issues, and have the depth and breadth of experience to counsel franchisees in virtually any sector or industry.

We have represented franchisors and franchisees in a variety of industries, including:

- Automotive
- Education
- Fitness, wellness and personal care
- Health care
- Hospitality
- Pet care
- Real estate
- Restaurant, food and beverage
- Retail

As counsel for franchisees and developers, our clients have held franchise rights, or worked with franchisees, in some of the top global and domestic brands, including:

- 7 Brew
- Arby's
- AT&T
- Buffalo Wild Wings
- Burger King
- Club Pilates
- Crunch Fitness
- Dogtopia
- European Wax Center
- Firehouse Subs
- Great Clips
- Hot Box Cookies
- KFC
- Little Caesars
- MAACO
- Massage Envy



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- Meineke Car Care Center
- Perspire Sauna Studio
- Popeyes Louisiana Kitchen
- Red Wing Shoes
- Sonic
- Supercuts
- SweatHouz
- Tim Hortons
- Tropical Smoothie Cafe
- VIO Med Spa

## **EXPERIENCE**

### **Multimillion-Dollar Private Offering and Controlling Interest Acquisition in Franchisor**

Represented a group of investors in a multimillion-dollar private offering and acquisition of a controlling interest in a leading U.S. dog daycare franchisor. Handled investment documentation for private offering by buyer entity, operative documents for the acquisition, and conduct of due diligence.

### **Acquisition of Franchise Restaurants**

Represented a private investment firm in its acquisition of franchise restaurant outlets across multiple states. Handled the acquisition agreement and other operative documents, due diligence, franchise documentation and licensing.

### **Successfully Defended Franchisor's Trademarks and Trade Names**

Served as lead counsel in various holdover franchisee disputes, successfully restraining former franchisees from using franchisor's trademarks and trade names.