

# UnhappyFranchisee.Com

Alex Gingold – Chief Executive Officer and Director

Amanda Gingold – Chief Operating Officer and Director

DonutNV Franchising, Inc.

3745 S. Hwy 27, Suite A

Clermont, FL 34711

12/30/24

VIA email & Internet publication

Dear Alex & Amanda Gingold:

Congratulations on the growth of DonutNV and thank you, in advance, for your consideration of the important issues raised below.

I publish UnhappyFranchisee.Com, an independent, hype-free informational resource for would-be franchise owners, franchisees, brokers, lenders & franchise industry professionals. One thing our readers would like to know is: *Which franchisors support full disclosure of all relevant & critical information & which attempt to block, censor or minimize any potentially negative facts, opinions or experiences?*

***Question #1: Do you prohibit or discourage current & former franchisees from sharing their true experiences & candid opinions – positive or negative – regarding the DonutNV franchise?***

***Alex & Amanda: Do you believe that prospective franchisees should be fully informed with access to the information the FTC Franchise Rule was intended to ensure, including the experiences & opinions of current and recent franchisees?***

**If so, could you publicly affirm your support of your franchisees' and former franchisees' right of free speech and, specifically, their right to share their honest opinions and experiences as DonutNV franchise owners without fear of repercussions or reprisal?**

DonutNV, Franchise Fastlane & others are clearly recruiting Veterans & military family members as franchisee investors.

It would indicate your respect for their service & sacrifice to state that you will never, as some franchisors unfortunately do, prohibit the right of free speech for both them or their non-Veteran fellow franchisees – rights they served to protect and uphold.

## **Question #2: Do prospective franchisees, their representatives & brokers have access to the experiences & opinions of ALL current & recent DonutNV franchisees?**

I am also requesting that you publicly state your support for the right of any and all prospective franchisees to have access to all information necessary for them to make fully informed investment decisions, including the experiences and opinions (positive or negative) of all current and former DonutNV franchisees.

Many prospective franchisees are middle-aged retirees (or soon-to-be) retirees risking their retirement savings and considering IRA rollovers using DonutNV resources, such as Benetrends.

Others may be securing SBA or other loans risking their homes and other assets as collateral.

***Do you agree it would be unconscionable to withhold, prohibit or block access to the important information these responsible Americans need to make important life decisions, does it not?***

*If you disagree with this sentiment and would rather NOT publicly commit to this view, could you please explain your reasons for this so that we may accurately share and publicize your stance on these issues with our readers and the industry at large?*

## **Additional Questions Regarding DonutNV Representations & Possible Blocking of Critical Information**

Supporting full disclosure and encouraging vigorous due diligence would indicate that that you, Jake Hamburger, Franchise Fastlane, Franchise Sidekick & others understand the serious ramifications a misinformed franchise decision can have on a prospect's mental and physical health, marriage and family. While every franchise failure is unfortunate, I'm sure you wouldn't want to live with the additional burden of having blocked access to information that could have created a more informed decision or set more realistic expectations.

If you do support open discussion and transparency, I would invite you to reflect & provide input on the following issues:

### **1) The accuracy & completeness of the Item 20 in your recently amended FDD.**

Your FDD shows only two transfers (sales) and zero franchises that have ceased operation or were terminated prior to the May 2024 FDD was issued. Is this correct? Are there franchises that may have been inadvertently left out or mis-recorded in this FDD?

Have there been ceased operations or transfers *since* the original FDD was issued that could constitute a material change or influence a prospective franchisee's decision? If so, did you consider including these updates in your November 16, 2024 amendment?

### **2) The accuracy & completeness of Exhibit F in your recently amended FDD.**

Is the Exhibit F list of all current & former franchisees complete as of the November, 2024 amendment? Is the contact information accurate & complete?

Was this omission in both your 2024 FDD and amended 2024 FDDs a typographical error... or intentional?

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Sold:

State	Name	Franchisee Address	Phone
Georgia	Marshall Moore, Elizabeth Moore	4137 Barberry Dr. NE, Roswell GA 30075	
Minnesota	Andrew Nessler, Christine Nessler	1106 Lor Ray Drive, North Mankato MN 56003	

**How Franchisors Silence Franchisees / Prevent Due Diligence**  
Source: DonutNV 2024 Franchise Disclosure Document (FDD)  
Exhibit F - Current & Former Franchisees

UnhappyFranchisee.Com

**3) Would you be willing to discontinue the use of Confidentiality Clauses & NDAs for all but trade secrets & proprietary information?**

Would you reconsider this policy and clause in your current FDD? Don't prospective franchisees deserve the right to hear from all current & former franchisees, not simply those willing to sing your praises? As access to the opinions of all current & former franchisees was clearly the intention of the FTC Franchise Rule, aren't these clauses simply an end-run around protections intended by the FTC and the 1<sup>st</sup> Amendment?

***Confidentiality Clauses***

*In the last three fiscal years, some franchisees have signed a contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.*

**4) Why would a franchisor with zero reported failures & 80% profitability (advertised as "Insane Profits") urgently seek to keep franchisees from participating in social media without supervision & prior authorization?**

Why was restricting franchisee sharing on social media considered so urgent that it had to be added in a 7<sup>th</sup> month FDD amendment... and couldn't wait until the 2025 FDD is issued in April?

In the Item 6 amendment, you added:

**Type of Fee:** Fee for unauthorized use of social media

**Amount:** \$1,000 per instance

**Due Date:** On demand

**Remarks:** We may charge you \$1,000 in the event you, directly or indirectly, participate in any social media groups or websites in your capacity as a DonutNV franchisee, or otherwise refer to or discuss your franchised business, us or the DonutNV brand on such groups or sites, without our prior written consent.

**In Article 4. Of the Franchise Agreement, you added:**

**4.8 Participation in Unauthorized Social Media Groups.** Franchisee shall not, directly or indirectly, participate in any social media groups or websites in his, her or its capacity as a DonutNV franchisee, or otherwise refer to or discuss the Business, DonutNV Franchising or the DonutNV brand on such groups or sites, without DonutNV Franchising's prior written consent, which DonutNV Franchising may grant or withhold in its sole and absolute discretion. In the event Franchisee violates the obligations set forth in the forgoing sentence, Franchisee shall be deemed to be in default of this Agreement, and DonutNV Franchising shall have the right to charge Franchisee \$1,000 per occurrence for any such violation. This fee is a reasonable estimate of DonutNV Franchising's internal cost of personnel time attributable to addressing the unauthorized participation, and it is not a penalty or estimate of all damages arising from Franchisee's breach. This fee is in addition to all of DonutNV Franchising's other rights and remedies (including default and termination under Section 14.2).

Alex & Amanda: what information or opinions is this prohibition and threat of fines intended to prohibit?

Elsewhere in the agreement, it states that failure to pay these fines could result in default & termination.

How is a substantial fine and possible termination for exercising their freedom of speech and sharing their experiences and opinions "not a penalty"?

**5) Are Franchise Fastlane, Franchise Sidekick or the franchise brokers of the 3<sup>rd</sup> party broker associations and companies (IFPG, FranChoice, Frannet, Franserve, FBA, TES, TPF, TFCA, TFCC, and more) flooding the Internet with countless positive interviews, blog posts & social media messages required to gain prior written consent participating in "any social media groups or websites"?**

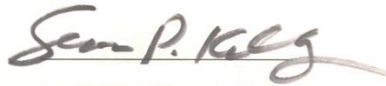
From the outside, it appears that DonutNV puts stringent controls and restrictions on the franchisees whose investments literally built DonutNV into a known brand, yet allows 3<sup>rd</sup> party vendors to post whatever content they choose, wherever and whenever they choose, without prior written consent or approval.

Is this an accurate perception?

Thank you, in advance, for embracing the American tradition of open and honest dialogue, and the right for all to speak freely on matters in the public interest.

While I'm sure these questions posted in a public forum was neither anticipated nor welcome, I thank you for (hopefully) taking the time to consider them with the constructive intent they are intended, and for responding with the candor and seriousness they – and your franchisees (past & future) – deserve.

All the best,

A handwritten signature in black ink that reads "Sean P. Kelly". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Sean Kelly

Publisher, UnhappyFranchisee.Com

President, Relentless, Inc.

*[Direct Contact Information Attached]*

cc.

Justin D. Csik, Klehr, Harrison, Harvey, Branzburg LLP

Peter Dosik, Shipe Dosik Law

Jake Hamburger, Franchise Fastlane

Shared Publicly on UnhappyFranchisee.Com

***UnhappyFranchisee.com Open Invitation Policy***

*UnhappyFranchisee.Com is an information, news and discussion site that provides an open forum for the sharing of all points-of-view on important and sometimes contentious topics. We welcome corrections, clarifications, explanations, rebuttals and opposing points-of-view that are constructive, respectful and honest. While we have a clear viewpoint, we prefer to present all sides and let our readers make their own informed decisions.*

