FOR IMMEDIATE RELEASE **CONTACT: Kate Bradley – (770) 765-6043**

AAHOA Denounces NLRB's Joint-Employer Decision

Only in the depths of the Washington, D.C., bureaucracy could an ill-conceived decision aimed at destroying the American franchise model seem like a good idea.

Since the National Labor Relations Board's (NLRB) July, 2014 decision to hold McDonald's USA, LLC jointly liable for any labor-rights violations committed by its franchisees, owners of franchise properties have been haunted by the specter of heavy-handed regulatory oversight.

Last Thursday, August 27, their fears were confirmed when the NLRB made the official decision, via the Browning-Ferris Industries case, to expand and redefine the notion of "joint employer".

For decades, the franchise business model has helped millions of Americans realize their entrepreneurial aspirations. And perhaps no industry has been more positively impacted by franchising than hospitality.

The Asian American Hotel Owners Association (AAHOA) has nearly 15,000 members, who own almost half of America's hotels. Nearly 80 percent of AAHOA members are franchisees; first- or second-generation Americans who saw the franchise model as a pathway to the American dream.

In fact, franchising has been the single most reliable small-business model for lifting minorities out of poverty and changing generations of American lives through small business ownership.

Unfortunately, the actions of a small group of unelected bureaucrats may end franchising as we know it.

By redefining the joint-employer standard, franchisees will have little control over the team they have hired to help run their business. It is clear to any honest observer that millions of small businesses would have never been started if the owner had known he would have limited authority over his employees, and that his staff would be "jointly employed" by a corporation with no involvement in the day to day operations of the business.

The "joint employer" model being created by the NLRB is an absurd exercise in pandering to special interests. Franchisors don't want it. Franchisees don't want it. Only organized labor benefits from this dangerous scheme. And given what they have done to devastate American

manufacturing throughout the Midwest, it is clear that Big Labor has no concern for American workers and certainly not American entrepreneurs.

With a redefined employment standard, franchisees who once enjoyed the independence of entrepreneurship will become de facto franchisor employees – perhaps better described as managers, not owners. This would undo the decades-long hard work of AAHOA members and thousands of small-business owners like them.

Supporters of the NLRB decision claim that redefining the joint-employer standard is necessary to prevent labor-rights abuses. It seems more likely that the NLRB is instead hiding behind an altruistic façade for a twofold purpose: to muddy the joint-employer waters so thoroughly that no clear definition exists – leaving franchisors dependent upon the NLRB to determine their status – and to drive a toxic and litigious wedge between employee and employer in the interests of Big Labor.

Earlier this year, AAHOA board member and entrepreneur Jagruti Panwala testified before a subcommittee of the House Committee on Education and the Workforce to offer her story as a first-generation American and hotelier. Ms. Panwala spoke for nearly every AAHOA member when she soundly discredited the opinion of the NLRB General Counsel that franchisees are merely “intermediaries” between franchisors and employees. “Mr. Chairman,” she declared, “I am no intermediary. I am a business owner and a job creator.”

So she is; so are AAHOA members; so are small-business owners everywhere. To suggest otherwise is to sound the death knell of American entrepreneurship.