



## AVOIDING MINEFIELDS: ATTORNEY GUIDES CLIENTS THROUGH FRANCHISE LAWS

Sheila Pursglove | Legal News

In the early 1980s, David Steinberg's knowledge of franchising extended no further than eating at fast food joints. Then he landed a job with a small firm in Bloomfield Hills that specialized in franchise law—and the rest, as they say, is history.

Recognized by The Franchise Times as a national panel Legal Eagle for 2016, and named DBusiness Metro Detroit's Top Franchise Lawyer for the past six years, Steinberg is principal of his own solo firm, and last fall joined Jaffe, Raitt, Heuer, & Weiss in Southfield, as Of Counsel and co-leader of the Franchising Law Practice Group.

Steinberg enjoys learning about his clients' businesses—that run the gamut from ice cream to dry cleaning.

"The really fun deals are selling or buying one of the old Dairy Queens you see by the side of the road," he says. "Don't feel sorry for those folks—they're worth a fortune as most of their franchise agreements are from the early '60s and have no royalties! It's quite remarkable since the current DQ agreement is about 50 pages with a lot of financial costs associated that are typical of franchise systems."

Steinberg notes that franchising is a heavily regulated business—regulated by the FTC, and 16 states have their own state franchise laws that are generally more stringent than the federal law.

"It can be a minefield for the uneducated, but I enjoy counseling the client to avoid the mines and being a part of their team to help them distribute their products and services and become a success," he adds. "Nothing is better than when

the client calls to say 'we sold another one!'"

He enjoys working with start-ups and entrepreneurs.

"I think lawyers are often viewed as 'plumbers' in the sense that we often do not see people until there is a problem and it needs to be instantly fixed," he says. "With a start up franchise system, you have the ability to work with the creator/founder from the beginning, helping them to not just comply with applicable regulations, but to truly serve as a counselor to advise them as to different operational practices and procedures to distribute their products and services."

Most start-up companies are short staffed and in dire need of professional and operational assistance, he adds. He uses a team approach that includes the CPA, marketing agents, operations manual consultants and others to help the client develop systems and best practices.

"I tell my clients that they, not lawyers, are the reason why this is a great country—you have to respect people who have the guts to use their life savings and raise capital to develop products or services that will benefit society."

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Steinberg hung out his own shingle in 2012, and notes that having your own practice is not for everyone.

"As they say you 'eat what you kill' so you



always better be hunting," he says. "You have to be a little bit of 'chief bottle washer' as my dad used to say, as you have to solicit clients, do the work, maintain your own books and do the billing. I do enjoy the flexibility to work my own hours and reduce fees when required."

Steinberg also enjoyed being a partner in a firm for many years.

"There's a benefit in having the camaraderie of being partners with others," he says. "I've been fortunate, however, in my Of Counsel relationship with the Jaffe firm as I work with

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not just a great group of attorneys but a great group of people.”

Steinberg earned the designation Certified Franchise Executive (CFE) after a two-year course of study through the International Franchise Association.

“The courses are invaluable to anyone in the franchise field,” he says. “I tell all my clients they will learn a great deal that will help them in their operations.”

Although the course is voluntary, Steinberg views the designation as important to obtain.

“As lawyers we don’t often get to learn about practices affecting our clients on a daily basis that are integral to their business, such as sales practices, banking and lending options and marketing,” he says.

“And certification is an indication that franchising as a profession is taken seriously and that recipient is deemed competent by the IFA, a major association representing both franchisors and franchisees.”

Steinberg’s original career goal was to be a veterinarian, but found organic chemistry and math classes he could not spell were not in the cards; nor did he want to join his father and uncle in a family business manufacturing industrial cleaning products.

“We had no lawyers in the family, other than my cousin who got into UCLA and is now a law professor at SMU, so I thought that was pretty cool,” he says.

He earned his undergrad degree in history and communications from the University of Michigan.

“I loved everything about U-M. It gave me the opportunity without any experience to walk in to the campus radio station and do play by play for basketball and hockey. I don’t know if I was any good, but who cares? I was having a blast! There was no cable or ESPN, so law school seemed like a good idea at the time, but not sure today that I would not have given it a shot.”

He received his J.D. from the University of Detroit Mercy School of Law where he served as article and book review editor of the

Law Review.

“No one who is sane enjoys law school—you endure it,” he says. “As a 22-year-old, it was a ‘boot camp’ for not just learning, but growing up as well.

“I did meet some great people who have remained life long friends—we still get together for lunch a few times a year and share events in our lives online. We still kid each other mercilessly about not understanding some bizarre legal theory that still makes no sense.”

Inspired by an anti-trust class in law school, Steinberg went on to obtain his master’s degree in International Trade Regulation from the Georgetown University Law School.

“There were a lot of great cases in the mid 70s involving major corporations,” he says. “For some reason it appealed to me. I

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wanted to be a “trust buster” working at the Justice Department.”

A federal hiring freeze nixed a job offer at the DOJ. Instead, Steinberg landed a job with a large D.C. firm, where he worked on one case for two years against AT&T.

“It was pretty boring but I was making 22K a year and I thought it was a fortune,” he says.

When he was ready to return to his native Detroit in 1982, Steinberg applied to firms with trade practices business—and got a phone call from Richard May who had a small firm in Bloomfield Hills. May came to D.C. to attend one of the early meetings of the International Franchise Association and the two interviewed over lunch in Georgetown.

“He described a new field of franchise law that sounded very interesting, representing companies like Tuffy Muffler, Ziebart and Maaco,” Steinberg says. “So I got hired and started in

August 1982. Interestingly Dick hired two of my law school friends, John Forrest and Steve Raymond, so we all had the chance to work together and remain friends to this day.

“I’m forever indebted to Dick for giving me my first job in Detroit and mentoring me in a new area of law that has enabled me to meet interesting people from all over the world who have created fascinating business concepts.”

In the early ‘90s, Steinberg was general counsel/vice-president administration, at Inacom Computer Centers Inc. in Troy.

“Most fun job I ever had—working there was what I imagine it is today for young kids working at Internet startups,” he says. “Because I was the only attorney in the company, I was afforded the ability to be involved in the decision making process on many levels—creating programs, policies, and procedures.”

At Inacom, he also learned to balance the “legal needs” of the client company with the “business needs” of the client. “Too often as outside attorneys we do not fully understand that our clients seek us to be deal facilitators, not

deal killers,” he explains. “I’ve never forgotten those lessons.”

Away from the franchise world, Steinberg enjoys golfing, as well as boating and fishing on South Commerce Lake in Commerce Township where he lives with Joyce, his wife of 30 years. The couple has two daughters, Stephanie, 26, and Lindsay, 17.

He also serves as vice-chair of the Foundation for Excellence for the Walled Lake School District.

“We raise money each year to return to the classroom in the form of grants—often to support technology requests that are not in the School Board budget,” he explains. “This is our 25th anniversary year—over the years we’ve raised over \$750,000 that has gone back into the classrooms.” ■