



OFFICE OF THE GOVERNOR

SEP 22 2016

To the Members of the California State Assembly:

I am returning Assembly Bill 2637 without my signature.

This bill allows franchisors to negotiate changes to a franchise agreement without disclosing the terms to the Department of Business Oversight (Department) or to other prospective franchisees.

While it is important to promote bringing new business into California, doing so at the expense of transparency could be detrimental to potential franchisees, as this bill proposes to do. The current process, which allows the Department to review contract changes, ensures that franchisees are not placed at a disadvantage in their final agreement.

Sincerely,


Edmund G. Brown Jr.