

Wyrick in Law360: Mastering The Bankruptcy Practice When Franchisees File

By Martha Wyrick | October 29, 2026

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Franchisees are bound by the power of franchise agreements in bankruptcy, where all parties will have to get used to the fact that the franchisor usually exerts significant control over the case, experts said. Haynes Boone Counsel [Martha Wyrick](#) spoke with *Law360* about these unique Chapter 11 cases.

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The earlier a franchisee's lawyer can reach out to the brand itself, the better, said Martha Wyrick, counsel at Haynes Boone, who represents franchisors in franchisee bankruptcies.

"I want to be called before the bankruptcy's ever filed," she said. "The franchisor's main goal is to protect their brand and protect their goodwill."

As soon as a franchisee files for Chapter 11, the automatic stay usually prohibits the franchisor from canceling the franchise agreement altogether or enforcing a termination process that was already started.

This is a key reason why some seek bankruptcy protection in the first place, Wyrick said.

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Some franchise agreements require a franchisee to funnel royalty payments into a separate account, so that the brand can pull funds directly from that account and is never left waiting. That complicates matters for secured lenders who are trying to sweep accounts in the event of a default, if their collateral is just accounts receivable, according to Wyrick.

Read the full *Law360* article [here](#).