



American Association of Franchisees & Dealers *The Center for Total Quality Franchising*

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January 4, 2022

Corporate Finance Section
Franchise and Business Opportunities Project Group
North American Securities Administrators Association

By email to: NASAAComments@nasaa.org

Cc: Andrea Seidt, Corporate Finance Section Chair Andrea.Seidt@com.state.oh.us

Cc: Dale Cantone, Project Group Chair: dcantone@oag.state.md.us

Re: Statement of Support for the Proposed NASAA Statement of Policy Regarding the Use of Franchisee Questionnaires and Acknowledgements.

May it be of interest:

The American Association of Franchisees and Dealers wholeheartedly supports the Proposed Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgement. Most franchisors routinely use these statements routinely employ such devices for the obvious purpose of deflecting the explicit purpose of franchise investment laws to protect franchisees who may be victimized by deceptive franchising practices.

As described in the policy statement, the SOP will provide an effective ratification of the intent of disclosure laws to protect prospective franchisees from deceptive practices. Franchisee counsel will more easily be able to nullify defensive efforts to influence triers of fact of the effectiveness of questionnaires.

Not mentioned in NASAA's Proposed Statement was a recent Federal Trade Commission Open Forum on the Franchise Rule in which representatives of the franchise industry used data regarding the collection of questionnaires and acknowledgements as confirmation of the integrity of the franchising community—reciting that virtually all franchisees had confirmed to quality and truthfulness of franchisor disclosure because all franchisees sign them!

The Section and Project Group has it completely correct that prospective franchisees have made an emotional decision to invest based upon many factors unrelated to the mandated

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disclosures (which are rarely read or understood), and what is understood is that the failure to 'sign off' on the acknowledgement document will result in the loss of the opportunity.

We applaud and endorse the effort!

Very truly yours,

A handwritten signature in black ink that reads "Robert L. Purvin, Jr." in a cursive script.

Robert L. Purvin, Jr,
Chair, Board of Trustees