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To: [NASAA Comments](#); [Theresa Leets](#); bill.beatty@dfi.wa.gov; [Erin Houston](#)
Subject: [EXTERNAL]Comments on NASAA Model Franchise Broker Registration Act_August 27, 2025
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August 27, 2025

North American Securities Administrators Association, Inc.

750 First Street NE, Suite 990

Washington, DC 20002

Subject: Comments on NASAA Model Franchise Broker Registration Act_August 27, 2025

Dear NASAA Regulators:

With over 6 years of experience in the franchise industry, I have witnessed both its challenges and its tremendous capacity for creating opportunity and economic growth. I am writing to express serious concerns about the proposed Model Franchise Broker Registration Act.

Industry Knowledge

Having worked with hundreds of franchisors and franchisees, and as a current franchisee, I can attest that legitimate brokers provide valuable services that benefit both parties. The proposed regulation would eliminate many ethical professionals while doing little to address bad actors who already violate existing laws. I also had a 30+year career in another highly regulated industry (Private Education) and I have seen the unintended consequences of well-meaning, but improperly constructed regulations.

Real-World Impact

I have seen firsthand how broker relationships help emerging brands compete with established systems. Without these partnerships, the franchise landscape would become dominated by a few large players, reducing innovation and opportunity.

Practical Concerns

The registration requirements are impractical for an industry where professionals often work with multiple brands across multiple states. The compliance costs and administrative burden would be prohibitive for many legitimate operators.

Alternative Solutions

Rather than broad registration requirements, the industry would be better served by enforcement of existing laws against fraud and misrepresentation, along with education initiatives for prospective franchisees. The FTC Franchise Rule already regulates the conduct of those directly selling franchises. These rules outline clear prohibitions against misrepresentation, illegal earnings claims, and deceptive practices.

If NASAA chooses to narrowly define “broker” as those engaged in actual franchise sales, then there is no need for an additional layer of state-level regulations on lead generation and referral activities.

Adding duplicative state-by-state registration requirements would only burden ethical operators without meaningfully increasing consumer protections.

Conclusion

NASAA's goals are well-intentioned, but the current draft risks unnecessary duplication, confusion, and harm to ethical operators.

I respectfully recommend the following:

1. Clarify the definition of "broker" to apply only to those directly selling franchises. The acid test should be "does the party in question have the ability to deliver a franchise contract that a franchisee will sign"
2. Avoid duplicating existing FTC rules regulating franchise sales conduct.
3. Establish a uniform national framework to avoid costly state-by-state conflicts.
4. Focus enforcement on actual bad actors rather than creating unnecessary burdens on compliant referral networks.

The franchise industry thrives when we protect consumers without restricting access to qualified, well-informed opportunities. I urge NASAA to work collaboratively with industry leaders, including The Franchise Consulting Company, to craft clear, effective, and balanced regulation.

The franchise industry has created millions of jobs and thousands of successful small businesses, including mine. Please don't let well-intentioned regulation destroy the relationships that make this success possible.

Respectfully,

Joe Fox
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