

**From:** [John Dienelt](#)  
**To:** [NASAA Comments](#)  
**Cc:** [Theresa Leets](#); [bill.beatty@dfi.wa.gov](mailto:bill.beatty@dfi.wa.gov); [Erin Houston](#)  
**Subject:** [EXTERNAL]Comments on proposed NASAA MODEL FRANCHISE BROKER REGISTRATION ACT  
**Date:** Tuesday, August 26, 2025 11:34:55 AM

---

I applaud the NASAA Project Group for proposing the model act.

I believe that comprehensive regulation of franchise brokers and their affiliates is long overdue. I have litigated franchise disputes for more than 50 years, and taught franchising at major law schools for nearly 20 years. I believe that the absence of broker registration has resulted in unnecessary harm to parties engaged in franchising and to franchising itself. I have two further, more specific, comments.

First, I believe that some qualifications and training should be required of entities and persons subject to the model act. The model act's provisions on this leave decisions about it to the state "director" charged with administration of the act. While that is reasonable, I believe that the model act should, at least, include language urging the director to exercise discretion to establish some minimum requirements for franchise brokers and franchise broker representatives. Accordingly, I suggest that the following language, or equivalent language, be added at the end of the first sentence in each of Section 4 (2), (3), and (4): "and the director is encouraged to do so."

Second, I am uneasy with the provision in Section 2 (2) (iv), which appears to exempt franchisees who receive consideration valued at less than \$5,000 in a calendar year from any regulation. I understand that a franchisor might want to reward franchisees who refer potential franchisees with a comparatively modest fee. Other subsections of Section 2 (2) create exemptions for entities or persons affiliated with the franchisor, presumably on the theory that regulation of franchisors and their affiliates is sufficient to protect prospective franchisees from inappropriate conduct in franchise sales. I suggest that Section 2 (2) (iv) be modified to add, at the end: "and is deemed to be an agent of the franchisor."

Respectfully submitted,

John F. Dienelt

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.