

August 27th, 2025

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Subject: NASAA Model Franchise Broker Act

Dear Project Group,

I am submitting comments on the proposed Model Franchise Broker Registration Act from my perspective as a newly established franchise broker with one month of experience in the franchise industry.

Although I am early in my journey, I have already encountered some of the practical implications the proposed Act may have on franchise professionals and the broader industry. Based on my initial exposure, I would like to highlight the following concerns:

**Overly Broad Definition of “Franchise Broker”**

The current definition could inadvertently encompass:

- Existing franchisees who refer others and receive more than \$5,000 annually;
- Third-party funding sources and lead generation services paid by franchisors;
- Professional service providers offering related but non-sales services;
- Individuals or companies who make informal referrals without a sales role.

These parties are not actively engaged in selling franchises in the traditional sense and should not be classified or regulated as franchise brokers.

**Jurisdictional Challenges**

Imposing state-level registration and jurisdiction requirements on franchise brokers presents serious logistical issues. Franchising is a national business model, and requiring brokers to comply with a patchwork of state-specific rules creates a complex and potentially inconsistent regulatory burden.

**Duplicative Disclosures May Create Confusion**

Prospective franchisees already receive detailed disclosures through the FDD, and I was trained on the importance of always encouraging them to review these with legal counsel and will always do that moving forward. Requiring additional broker-specific disclosures could overwhelm candidates with paperwork, when our goal should be to help them make informed — and confident — decisions.

### **State-by-State Requirements Are a Barrier**

As someone working with franchisors and candidates across multiple states, the idea of having to register separately in each jurisdiction feels overwhelming — especially for new brokers like me. Franchising is a national business, and fragmented regulation adds unnecessary cost and complexity for those of us trying to follow the rules and serve our clients well.

### **Duplicative Disclosure Requirements**

Franchise brokers already operate in a highly regulated environment under the FTC Franchise Rule. Adding separate disclosure requirements for brokers could overwhelm and confuse prospective franchisees, detracting from the clarity intended by the existing Franchise Disclosure Document (FDD).

### **Sufficient Existing Oversight**

State and federal oversight already provide avenues for addressing unethical broker behavior. Creating additional regulatory layers may increase costs and administrative burdens without significantly enhancing consumer protections.

### **Recommendations**

I suggest consideration of regulatory approaches that:

- Include formal cost-benefit analysis to ensure proportionate regulatory response
- Consider interstate harmonization to reduce compliance inefficiencies
- Focus regulatory requirements on areas where market failures have been clearly documented

As someone new to the industry, I believe the best path forward is to encourage collaboration with stakeholders to identify and address specific concerns—rather than adopting sweeping registration mandates that may disrupt legitimate and beneficial business relationships.

Thank you for considering my perspective.

Best regards,

**Nichole Thomas**

Franchise Broker

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