

Wednesday August 27, 2025

All Concerned with NASAA Regulations

Subject: Comment on Proposed NASAA Model Franchise Broker Registration Act

Dear NASAA Officials:

I am writing to formally state my opposition to the proposed NASAA Model Franchise Broker Registration Act. As an experienced franchise broker and owner of multiple franchises who has assisted prospective franchisees in identifying appropriate opportunities since 1998, I have significant reservations regarding potential unintended effects this legislation may impose on my business and the broader industry.

A little about me. I left my W2 position in 1998 to start my own business. Independent business. By 2000, I had purchased my first franchise in Lancaster Pa. It quickly grew to eight franchises and employed 167 families. In conjunction, I was able to establish two ancillary businesses employing even more people. I transition to franchise consulting in 2015 while continuing to own and operate other franchise businesses. Just as important, my companies and I have been able to support the community with our outreach programs donating millions to the central Pennsylvania communities. I have personally helped numerous people find a suitable business for themselves or their families. I have also helped people discover that business ownership is not for them.

The proposed registration requirements are likely to impose significant administrative responsibilities on smaller operators such as myself. The associated compliance expenses would drive many out of business, (amidst an ever increasing financial pressures to operate a business) thereby diminishing the support available to prospective franchisees as they consider their options.

The definition of "franchise broker" in the Act is far too broad and would capture individuals who match client goals and capacities by making referrals or providing information. The definition in the Act appears to be intended for the party that is actually engaged in the specific sale of the franchise. This would require countless business professionals to register and report unnecessarily.

The 5-year record retention requirement far exceeds standard business practices and IRS requirements. Most businesses retain records for 3 years, making this requirement both excessive and impractical.

It's clear that some guidelines would have a benefit. Several franchise broker network leaders are willing to collaborate and offer free or expense-only training to all franchise brokers to address the education portion of the concern. One national educational course would be a legitimate attempt to solve the education concern and not harm new business growth of franchising. This addresses the concern while preventing undue and burdensome costs borne by franchise brokers. It also relieves the administrative burden on the states to deploy such a resource.

Thank you for taking the time to consider this request. I urge you to reconsider this legislation or significantly modify its scope to avoid harming the small businesses that provide valuable services to the franchise community.

All the Best,

Stephen Rotay
Member and CEO Rotay Enterprises, LLC