From: <u>Jill Hudson</u>

To: NASAA Comments; Theresa Leets; bill.beatty@dfi.wa.gov; Erin Houston

Subject: [EXTERNAL]NASAA Model Franchise Broker Act
Date: Wednesday, August 27, 2025 3:10:22 PM

Dear Project Group,

My name is Jill Hudson, and I serve as Vice President of BizVendr, a franchise consulting firm based in Irvine, California. For the past five years, I have worked side by side with entrepreneurs across the country who are exploring franchise ownership. In that time, I have seen how vital it is for these men and women—especially those from immigrant and minority communities—to have access to knowledgeable guidance as they evaluate franchise opportunities. That support is often the difference between success and failure, and it is exactly the kind of support that independent franchise brokers provide.

I am writing because the Franchise Broker Registration Acts, as currently drafted, create serious problems that will have unintended and damaging consequences for both entrepreneurs and franchisors. One of the most troubling issues is the way the Act defines the term "franchise broker." The definition is so broad that it captures individuals and organizations who clearly are not acting as brokers. For instance, professional service providers such as marketers, franchisees, consultants, or advisors could be swept in simply because they offer ancillary services to business owners. Lead generation companies that merely pass along contact information could also be misclassified as brokers. Most concerning, successful franchisees who refer a candidate and receive a modest referral fee above \$5,000 annually could be regulated as if they were full-time brokers. That outcome would penalize the very people whose personal experience is one of the most authentic and effective ways to promote franchising.

Equally problematic are the jurisdictional requirements that would force brokers to submit to the laws and enforcement authority of every state where they might introduce a candidate. Franchising is not a local business—it is a national marketplace. Requiring brokers and referral sources to comply with a patchwork of 50 different jurisdictions is not only impractical, it is unworkable. The duplication of fees, examinations, and ongoing obligations would push many professionals out of the field entirely. The result would be fewer entrepreneurs receiving guidance, fewer franchisors able to grow, and fewer communities benefiting from new small businesses and the jobs they create.

The Act, as written, would discourage responsible participation, distort definitions, and create jurisdictional chaos. A better solution is a national framework with reciprocity between states, ensuring that education and compliance standards are consistent across the country. This would strengthen consumer protection without erecting costly and unnecessary barriers that ultimately harm entrepreneurs.

I strongly urge you to reconsider the current language of the Act. Unless corrected, it will stifle entrepreneurship, reduce consumer choice, and slow the growth of healthy franchise systems in every state.

Sincerely, Jill Hudson Vice President, BizVendr



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