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To: [NASAA Comments](#); [Theresa Leets](#); bill.beatty@dfi.wa.gov; [Erin Houston](#)
Cc: [Jeff Elgin](#)
Subject: [EXTERNAL]NASAA Model Franchise Broker Act Comments
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Hello,

My name is Eric Little. I've been in franchising for over 25 years. As someone who has worked both as a franchisor and as a franchise consultant, I'd like to offer my perspective on the proposed Franchise Broker Act.

Franchisor Perspective:

First, I can tell you in my 20+ years of experience as a Franchisor that the lead generation service provided by franchise brokers was incredibly helpful in helping my teams recruit highly qualified, new franchisees. The candidates that the brokers sent to my franchise sales people were typically much more informed and financially qualified than those that came from other sources. Once the initial referral was received by my franchisor sales team, the prospective franchisees would then engage in our sales process (franchisor's sales process). The brokers were not involved in any aspect of the sale...they did not attend calls with the candidates, they did not do any negotiation of agreements or territory, and they had zero influence over whether a particular candidate received final approval as a franchisee. We treated the brokers as the lead generators that they are and paid a success fee if that referral ultimately led to a franchisee who had successfully completed our approval process.

Second, I can tell you that the cost and administrative burden for franchisors to comply with this new regulation will be significant and likely duplicates current rules that already in place. Why not just do more to enforce those instead of creating more compliance?

Franchise Broker Perspective

Now that I work as a Franchise Broker I can also confirm from this perspective that franchise brokers are not involved in the sales process. The confusing language in this regulation appears to label anyone who is "indirectly" involved in the franchise sales process as a broker. That overly broad definition needs to change in my opinion.

Lastly, advocating for individual states to create their own rules and fees related to the disclosure process unnecessarily creates confusion and hardship from a compliance standpoint. If we need more regulation of franchise sales brokers, it seems that all stakeholders would be better serviced by doing it at the federal level through the FTC where much more clarity could be found through consistent implementation.

I hope you find these comments helpful.

Eric Little

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