From: Wes Barefoot
To: NASAA Comments; Theresa Leets; bill.beatty@dfi.wa.gov; Erin Houston
Subject: [EXTERNAL]NASAA Model Franchise Broker Act Comments
Date: Wednesday, August 27, 2025 4:37:44 PM

Dear NASAA Committee Members,

My name is Wes Barefoot and I have been actively involved in the franchise industry for over 12 years. During this time, I have worked for several national Franchisors; owned and currently own multiple franchises as a Franchisee and worked as a Franchise Consultant providing valuable education, insight and guidance to others looking to invest in franchises. With this background, I'd like to share my comments regarding the proposed NASAA Model Franchise Broker Act.

1. Misclassification of Lead Generators as Franchise Brokers

FranChoice and its consultants are not engaged in franchise sales. We are a lead source for franchisors—similar to advertising platforms such as the IFA website, Entrepreneur.com, or social media channels like LinkedIn and Facebook. We introduce prospective franchisees to franchisors, who then conduct the actual sales process through their own internal teams or franchise sales organizations.

Labeling lead generators as "franchise brokers" because they are "indirectly" involved in the sales process creates confusion, overreach, and unintended consequences. This definition should be clarified to ensure that legitimate lead generation and referral services are not mistakenly classified as franchise sellers.

2. Unnecessary and Burdensome Regulation

For those who are truly engaged in the franchise sales process, additional state-level regulation is unnecessary, costly, and duplicative of protections already in place. Existing federal and state laws—including the FTC Franchise Rule—already govern disclosures, marketing practices, and sales conduct. Adding another layer of regulation does not materially improve consumer protection but does increase compliance costs and complexity.

3. Inconsistent State-Level Rules Create Compliance Hardship

If each state adopts unique rules and fees, the result will be confusion and hardship for industry professionals who work with multiple brands across multiple states. This patchwork approach will ultimately harm both small operators and prospective franchisees by reducing access to experienced consultants and referral sources. If additional oversight of franchise brokers is deemed necessary, it should be implemented nationally by the FTC to ensure consistency and fairness.

Additional Concerns

- **Overly Broad Definitions:** The Act's definition of "franchise broker" is far too broad and risks capturing individuals who simply make referrals or provide

ancillary services, such as funding sources or professional advisors.

- **Excessive Regulatory Burden:** The proposed registration process would create an overwhelming administrative and financial burden for small operators, potentially putting many out of business.
- **Existing Oversight:** Current regulations already provide meaningful protections. Additional layers add costs without delivering corresponding consumer benefits.
- **Alternative Solutions:** Rather than new registration requirements, the focus should be on enforcing existing laws against fraud and misrepresentation and expanding education for prospective franchisees.

In conclusion, while I support efforts to protect prospective franchisees, the proposed Model Franchise Broker Act—as currently written—creates confusion, excessive burden, and unnecessary duplication of existing regulation. I respectfully urge the Committee to reconsider its scope and definitions to ensure that legitimate lead generation services, referral sources, and industry professionals are not unfairly captured.

Thank you for the opportunity to comment.

Sincerely,

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