

From: [Matt Stevens](#)
To: [NASAA Comments](#); [Theresa Leets](#); bill.beatty@dfi.wa.gov; [Erin Houston](#)
Cc: [Jeff Elgin](#); [Matt Stevens](#)
Subject: [EXTERNAL]NASAA Model Franchise Broker Act Comments
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Attachments: [image001.png](#)

Good afternoon.

I've been in the franchising industry since 1988 as a franchisee, mentor, trainer, recruiter, general manager, regional Vice President, turn around specialist, business partner, investor, consultant, and best practices coach. During that time, I've worked intimately with more than 800 different franchisees in more than 40 states, and with well over 100 different brands. Currently, as a consultant in my 25th year, and an investing partner in 2 franchise industry endeavors, I've learned of some disturbing promotions made by the IFA which compel me to share a more thorough perspective from someone in the trenches.

FranChoice and its consultants (of which I'm one) are not involved in the franchise sales process – we simply provide qualified leads for franchise companies. We send them leads as prospective franchisees, which are then taken through a sales process by that franchisor's sales staff (whether internal employees or independent contractors like FSOs). As a lead source for franchise companies, just like internet advertising sites such as the IFA or Entrepreneur.com, or social media sites like Facebook and LinkedIn, or many other examples, we should not be covered in this definition of franchise sellers because that's NOT what we do. The confusing language in this regulation, designed to label as a broker anyone who is "indirectly" involved in the franchise sales process needs to be changed or the unintended consequences will be significant.

The current definition of "franchise broker" in the Act is shockingly far too broad and would capture competent, practiced, and professional individuals who simply provide information or make referrals, not those actually engaged in franchise sales. This overwhelming and needless capture of what the Act identifies as "franchise broker" lacks the precision required for regulatory certainty and would require countless business professionals register unnecessarily.

As an excessive regulatory burden, the proposed registration requirements would create an overwhelming administrative burden for small operators like me. The compliance costs alone could force many good, competent people out of business, ultimately reducing the resources available to help prospective franchisees navigate their options.

Its wildly impractical for an industry where professionals often work with multiple brands across multiple states. The compliance costs and administrative burdens alone would be prohibitive for many legitimate operators. Existing state and federal regulations already address legitimate concerns raised about broker conduct. Advocating for individual states to

create their own rules and fees related to this disclosure process unnecessarily creates confusion and extreme hardship from a compliance standpoint. If we need more regulation of franchise sales brokers, it should be done by the FTC on a national basis.

As for those people who are actually involved in the franchise sales process, this new regulation is unnecessary, burdensome, costly, and duplicates rules and regulations already in place. We'd all be better served if those existing laws against fraud and misrepresentation were enforced.

Like others in my industry, I don't know what I'm going to do if this ACT passes. The projected likely costs and administration requirements are overwhelming. I'm too young to retire, and my competencies and skill sets could be vacated in the name of poorly-directed attention to desired fees and compliance requirements. What a thoughtless, unnecessary, and destructive outcome that could be for the many competent professionals who for years have engaged lawfully, skillfully, and with genuine care and concern for their customers, clients, and candidates.

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