From: <u>Tana Hutchinson</u>

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

Cc: Jeff Elgin

Subject: [EXTERNAL]NASAA Model Franchise Broker Act Comments

Date: Wednesday, August 27, 2025 3:55:18 PM

Attachments: PastedGraphic-6.pnq

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Dear NASAA, WA State Dept of Financial Institutions, DFPI, and NV Secretary of State,

I am writing to share my concerns about the proposed regulatory language expanding the definition of a franchise seller.

I have been a FranChoice consultant for 20+ years and have helped hundreds of people reach their goals of small business ownership through franchising. It has been a wonderful career helping people realize their dreams and enter business ownership as I have.

First, it is important to clarify that FranChoice and my fellow consultants are **not** part of the franchise sales process.

We send leads to franchise companies for prospective franchisees. We introduce prospective franchisees to franchisors, and from that point forward, it is the franchisor's own sales team—whether internal employees or contracted groups like FSOs (franchise sales organizations)—that conducts the sales process.

In this way, our function is no different than internet advertising platforms such as **Entrepreneur.com**, the **International Franchise Association advertising via their website**, or social media platforms like LinkedIn, Facebook, or Instagram. The confusing language in this regulation 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.

Including lead sources like FranChoice under the definition of franchise sellers is inaccurate and creates unnecessary confusion.

Second, for those parties who are directly involved in the franchise sales process, the proposed regulation is duplicative, burdensome, and costly. There are already strong federal requirements and safeguards in place. Adding additional state-by-state rules creates

compliance headaches without improving consumer protection.

Finally, allowing each state to create its own separate rules and fees would lead to a fragmented, inconsistent system. This makes it more difficult for entrepreneurs to pursue franchise ownership and harder to ensure compliance. If additional oversight of franchise sales brokers is deemed necessary, it should come through the FTC at the national level, not piecemeal through 50 different states.

I work really hard to find reputable franchisors for my candidates. I help people reach the American Dream. I am not selling franchises, but rather helping people explore their options responsibly. Much like a job recruiter helps someone find a job. **This distinction is crucial, and the proposed language blurs it unnecessarily.**

I respectfully urge you to reconsider the proposed language and ensure that lead sources like FranChoice are not inaccurately swept into the category of franchise sellers. The unintended consequences could significantly harm entrepreneurs, franchisors, and those of us who simply connect the two.

Thank you for your time and consideration.

Sincerely,

Tana Hutchinson

Tana Hutchinson | T: 858-282-6003 (direct)
Franchise Consultant
Tana Hutchinson Consulting | Powered by FranChoice, Inc.| http://www.franchoice.com/corporate/tana-hutchinson





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