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**Cc:** [Jeff Elgin](#)  
**Subject:** [EXTERNAL]NASAA ModI Franchise Broker Act Comments  
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To whom it may concern,

My name is Derek Santos and I am a franchise consultant under the FranChoice network residing in South Carolina. I have worked as a franchise consultant for nearly 4 years.

I am writing to you today because the definition of “franchise broker” in the Act is far too broad and would capture many individuals, myself included, who are simply making referrals or providing information, not those actually engaged in franchise sales. This would require countless business professionals to register unnecessarily.

FranChoice and it’s consultants are **not involved in the franchise sales process**. We are simply a lead source for franchise companies. We send them leads for prospective franchisees and then those leads will be taken through a sales process by the Franchisor. This could be done internally or through an independent contractor, such as an FSO (Franchise Sales Organization). In the same manner a franchise company generates leads through 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” would also inadvertently capture funding sources and lead generation services if paid by the franchisor, any referral sources to the franchisor, or professional service providers offering ancillary services. This broad definition lacks the precision required for regulatory certainty.

The regulatory burden of the proposed registration requirements could force hundreds to thousands of people like myself out of business with the compliance costs and overwhelming administrative work. This would in turn reduce the resources available to help prospective franchisees navigate their options. The registration requirements are just too impractical for an industry where professionals are working with multiple brands across multiple states.

Rather than broad registration requirements, the industry would be better served by

enforcement of existing laws against fraud and misrepresentation, along with education initiatives for prospective franchisees.

Thank you,

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**Derek Santos**

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