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

Dear NASAA and officials,

I am writing to you today regarding the proposed NASAA Model Franchise Broker Act.

I have been involved with franchising since 2022 when a Franchise Consultant (Broker) contacted me to see if I had interest in exploring business ownership opportunities through franchising. I had not thought about it before but I had become concerned that the company with whom I had a contract had recently been purchased by private equity which made my future there increasingly murky. I went through the process of exploring franchise ownership with this consultant and ultimately purchased a franchise in 2022.

I found the experience incredibly insightful, educational and worthwhile. After spending about 18 months building my business, I decided to explore the possibility of helping other people who were similarly situated find the rewards I had found in franchising. I explored the various consultancies and ultimately was accepted by FranChoice. After my acceptance, I went through extensive training on helping candidates navigate the discovery process in the franchising space.

Since becoming a FranChoice consultant, I have found helping people realize their professional and lifestyle goals through franchising to be incredibly rewarding. I believe that my candidates would tell you that consultants help them navigate this space much easier than they otherwise could. They would also tell you how much comfort they get from having someone who is trained and experienced in the industry on their side. We do NOT sell franchises. Our job is to learn as much about the candidate as possible and then connect them with franchises that are a good fit for them based on what they tell us.

Having reviewed the NASAA Model Franchise Broker Act, I have the following comments:

Overly Broad Definitions

As I read the Act's definition of "franchise broker" it might be interpreted to include me and others like me who simply make referrals and provide information. We are not engaged in franchise sales. This overly broad definition would require countless business professionals to register unnecessarily.

Issues with Definition in Act

The current definition of “franchise broker” includes several parties that do not participate in franchise sales including:

- Lead Generation Services if paid by the Franchisor
- Funding Sources if paid by the Franchisor
- Referral Sources to the Franchisor
- Professional Service Providers offering Ancillary Services

Due Process Concerns

The broad definition of "franchise broker" lacks the precision required for regulatory certainty. Business professionals need clear guidance about when registration is required to avoid inadvertent violations.

Excessive Regulatory Burden

For a small business man like myself, creating additional burdens could be the difference between continuing to help people get into business ownership and going out of business. Compliance with the proposed registration requirements costs alone could force many of us out of business, ultimately reducing the resources available to help prospective franchisees navigate their options.

Practical Concerns

The registration requirements are impractical for an industry where professionals often work with multiple brands across multiple states. The compliance costs and administrative burden would be prohibitive for many legitimate operators. This would again leave prospective franchisees without help navigating the process.

Existing Oversight

Current state and federal regulations already address the legitimate concerns raised about broker conduct. Additional layers of regulation create compliance burdens without corresponding consumer protection benefits.

Alternative Solutions

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 for your consideration of the above commentary. I hope that it is helpful as you consider the best way forward.

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