

From: [Jane Stein](#)
To: [NASAA Comments](#); [Theresa Leets](#); bill.beatty@dfi.wa.gov; [Erin Houston](#)
Cc: dora_SecuritiesWebsite@state.co.us
Subject: [EXTERNAL]Strong objection to aspects of the proposed NASAA regulation changes
Date: Wednesday, August 27, 2025 4:52:35 PM

To Whom It May Concern

I am writing to express my strong opposition to the proposed NASAA Model Franchise Broker Registration Act. I am an independent franchise broker who has been helping prospective franchisees find suitable opportunities for 10 years. I entered this business to specifically help women (like myself) find independence and flexibility in their work lives by owning their own small business. I was previously a Certified Financial Planner with Morgan Stanley (and its predecessor firms) for 20-plus years and found great satisfaction in educating and helping my clients find financial freedom.

I am deeply concerned about many aspects of this legislation.

While there are, for sure, bad apples in the sales process of franchises, this particular piece of proposed legislation has many unintended consequences and will hurt the entire industry as well as, in my opinion, the consumer. We (franchise recruiting brokers - sometimes called consultants, coaches, or simply franchise brokers) are a VERY low percentage of the lawsuits or issues. And in this proposal, we are LUMPED IN with the two other roles in the sales process (internal franchise reps and FSO's – Franchise Sales Organizations). In reality, what we do is very limited in the sales process – and in fact, we don't sell franchises. We recruit through various lead generation programs potential investors. We then qualify/disqualify them financially, and spend (in my case) quite a bit of time educating my candidate through conversations and ebooks I've written. My role in the due diligence process is simply to, at that point (after I've qualified them financially and educated them as to process, risks and funding) introduce them to the franchise development team. That is the group that DOES engage in a sales process, while also determining if this person is a good candidate for this particular business model. Again, those "last mile" roles are either FSOs who are engaged by the brand to do development, or are internal development agents within the brand.

To lump in the referring independent franchise broker with those other two roles is completely misguided. And again, check your facts - there are VERY VERY few lawsuits that allege misconduct on the part of the franchise broker/consultant.

Speaking for myself, I spend hours educating my candidates and providing resources and tools, and context. I do this through a series of eBooks I've written and numerous conversations we have, where I cover in detail the below, and much more:

1. I spend a lot of time on funding options and the cost of each and how that

will impact their “break even,” and I encourage them to create Pro Forms after speaking with numerous franchisees in the system. I want them to talk to a lender and further understand their budget prior to going too far in the process and introduce them to a few, letting them choose

2. I have coaching sessions with candidates on how to properly interview existing franchisees in the system – again, encouraging them to ask the hard questions and develop a solid understanding of the numbers
3. I provide various resources and materials to support the research process (some drafted by attorneys) in an effort to help them understand every aspect of due diligence and how to perform properly
4. I encourage them to consult a franchise attorney PRIOR to attending discovery day to uncover any “red flags” or problematic areas in the contract they are about to sign.

I have never been sued or even had a complaint in the 10 years I’ve been doing this. My understanding is that the VAST majority of complaints are NOT against the recruiting broker, but in fact are against the two roles I stated above that are IN the business of selling the actual brand – FSO (franchise sales organizations) and internal reps.

This is because most of us work with hundreds and hundreds of brands, and we don’t speak to our candidates on the specifics of any of them. We provide a summary overview and then introduce them if interested, to learn all the specifics.

The franchise recruiting brokers are basically just in the business of finding qualified investors, then providing an introduction, if appropriate, to the FSO or internal rep.

The proposed registration will create an overwhelming administrative burden on the franchise recruiting brokers who typically are “one-man shops,” and I would venture to guess that a large percentage would simply get out of this business, due to the requirement of having to pass various educational programs and pay fees to potentially 50 different states.

We play a crucial educational role, and if (as I estimate) 50–60 percent attrition out, this will mostly hurt the prospective franchisees navigate their options, who would simply be talking directly to the SALES role, without an independent, experienced voice to support them in the process.

I urge you to reconsider this legislation. There are many things that could be beneficial - ie, national standards of continuing ed requirements, providing a specific clarification of our role (including perhaps a standard title that we all should use - whether it's consultant, broker or advisor) but basically so much of this proposed regulation change is ridiculous. We work nationwide, and where a particular state requires registration (Washington and New York currently) we are required to obtain that or not work with candidates in that state. To require that to be done in 48

additional states, all with their own requirements of continuing ed and fees, is
ridiculously burdensome.

Regards,
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