

american recruiters

Date: June 12, 2024

Subject: NASAA Request for Public Comment – Franchise Broker Registration Act

To: Whom it may concern:

I have been a part of the franchising industry for the last 25 years. I am the Founder and CEO of American Recruiters. We franchise two concepts under our Brand; Executive Search and Contract Staffing.

Historically, we have attracted franchisees through various methods that have evolved over time to rely more and more on Franchise Business Consultants, or Brokers. These individuals, who usually maintain an association with some group of consultants, represent approximately 80% of our new franchisee unit growth.

As I am sure you are well aware that the franchising industry has been governed by regulations intended to inform prospective buyers of a franchise concept, and protect people from less reputable institutions through full disclosure as well as providing people adequate time in making a very important decision regarding their careers and business ownership.

It has been my experience that a well-run franchisor provides to prospective owners a business model, that when followed will improve their likelihood of success, and access to support, training, buying power and community that not only helps franchisees chances of launching a new business but provide a very important support network during the challenging startup phase of business. From my experience, the end result has been significantly higher probabilities of success and the ability to scale.

With this information as a backdrop, I write concerning some changes that are being considered surrounding the Franchise Disclosure process. While I am in favor of full disclosure of any fees related to starting a franchise and the fact that Franchise Business Consultants receive remuneration for their services, there should be serious consideration on a process that could overburden stakeholders. Many of America's greatest franchise concepts rely on Franchise Business Consultants to help find qualified candidates. Hundreds of thousands of new businesses are opened annually, creating jobs, innovating and providing important services to our communities. Introducing regulations that become difficult to maintain, understand, or incorporate into an already highly regulated industry in my opinion will reduce the entry of Americans into business ownership leveraging one of America's greatest innovations: franchising.

Thank you for your time and consideration.

Sincerely,
Gino Scialdone

CEO, American Recruiters Enterprises, Inc.