

Hello NASAA Team,

Our names are Charista Baye and Kevin Kohler. We are co-owners of Thoughtful Franchise Brokers, and act as franchise brokers for our clients. We were made aware of the proposed brokerage registration act, and wanted to reach out to provide feedback on our understanding of certain elements of the legislation. Thanks in advance for your time in reviewing our letter.

A brief background on us ... we have both been entrepreneurs for quite some time. We each started various non-franchise businesses over the years. We learned a lot through the experience, and ultimately our biggest takeaway was that starting a business on your own is very difficult. We were introduced to the franchising industry several years ago, and quickly saw the vast benefits of having support and systems for new entrepreneurs. We own a franchise, and truly believe in the model.

We love helping other people achieve their dreams of business ownership via franchising. The proposed legislation would seemingly impact our ability as franchise brokers to provide the best experience and process possible for our clients. Below are a couple specific items of concern:

Section 3-2 and 3-3: Prohibited Practices

While it is sensible to prevent unregistered / aka untrained brokers from engaging with prospective franchisees, imposing the responsibility on franchisors to verify broker registration adds unnecessary administrative burden. A centralized, government-maintained database would be essential for this, though it might be impractical to implement.

It appears these sections require registration of any employee - part-time or full-time - that is involved in the process. Most franchise brokers work independently, but may have part-time assistants that are involved in a scheduling capacity and other administrative tasks. It would not make sense to require employees, or other parties acting in a limited capacity, to be registered.

Section 5: Disclosure Obligation

The mandate to disclose "all compensation" is challenging. Referral fees often change, necessitating frequent updates to disclosure documents, which can lead to confusion. Disclosing a "typical referral fee range" would be a more practical approach, balancing transparency with administrative feasibility. This disclosure should be within the franchisor's FDD, not additional paperwork passed to the franchise broker.

Conclusion

We urge the NASAA to consider these suggestions to develop a more balanced and effective regulatory framework.

Thank you for considering my comments. We are open to further discussions and clarifications. Please feel free to contact us at your convenience.

Sincerely,

Charista Baye and Kevin Kohler
Co-Owners, Thoughtful Franchise Brokers