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**Subject:** [EXTERNAL]NASAA Model Broker Act  
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**Franchisor Liability** – As noted above, the Franchise Broker Act provides for franchisor liability if the franchisor uses an unregistered broker or broker representative. We believe that adding a knowledge component would be prudent as it insulates franchisors that unknowingly use a broker that they reasonably believe to be registered (e.g., if a broker has its registration suspended and fails to notify the franchisor).

If a franchisor uses a broker they have verified just 6-9 months ago but during that time (6-9 months) for whatever reason is now unregistered, the franchisor would have no knowledge of this and to make them liable is unjust. The franchisor simple should not be liable if they reasonably believe the broker to be registered. It should be that, the broker himself should be liable for failure to disclose he is no longer registered. Each franchisor or the IFE should develop a disclosure form for brokers to identify that they are required to disclose their status and sign the form that states they are or are not currently registered. If they are registered it is their responsibility to notify any franchisor they are working with that they are for whatever reason no longer registered. The burden should be on the brokers to disclose their current status since they are the ones required to register.

Also if a franchisor pays a referral fee to franchisee who is happy with their system why should it be limited to \$1000.00. If greater than that amount according to my understanding would quantify a franchisee a "Broker". There should be no "broker Status" given to a franchisee that is in the system and happy with it so they refer others to join a system they themselves have invested in.

Hoping fopr the best outcome,

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