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**To:** [NASAA Comments](#)  
**Cc:** [Theresa Leets](#); [bill.beatty@dfi.wa.gov](mailto:bill.beatty@dfi.wa.gov); [Erin Houston](#)  
**Subject:** [EXTERNAL]Re: Public Comments on Proposed NASAA Model Franchise Broker Registration Act  
**Date:** Thursday, June 13, 2024 11:02:48 PM

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Dear NASAA Team,

My biggest passion and the primary focus for much of my career over the last 20+ years has been to support people who have been laid off from their corporate positions and help them to find career and financial stability through business ownership. For many of them, the balance of autonomy and structure of a franchise system is an ideal solution. It helps them generate a livelihood for themselves, their families and their employees and to provide needed services in their communities.

I have also owned two franchises myself and have been a Certified Franchise Broker with the Franchise Brokers Association since 2015, having completed their training in Ethics and FTC Sales Compliance.

I take the responsibility of my role as a franchise broker very seriously, and therefore support your efforts to ensure that all players in the franchise sales process are behaving ethically and with the best interests of the potential franchisee in mind.

Some of the language in the proposed NASAA Model Franchise Broker Registration Act, however, will have unintended and detrimental consequences and will actually be crippling for franchisors, brokers and other related businesses who provide valuable services for individuals who are contemplating franchise ownership. This would be a disservice to potential franchisees and the communities in which they would build their businesses.

One of the issues is that the proposal as it is currently drafted requires those organizations (and their employees and contractors) who are directly *or indirectly* involved in the offer or sale of a franchise be registered with the state if they receive compensation greater than \$1,000 per year. This could include sources such as lead generation partners, marketing agencies, referrals from current franchise owners, and even business development platforms such as LinkedIn and Facebook.

Many of the entities who could be considered "franchise broker representatives" have no direct influence whatsoever on the due diligence process and ultimate award/acceptance outcome. This broad definition also undermines the professional standards of true franchise brokers. We believe that any regulatory oversight should be limited to brokers and franchisors.

Another concern is the requirement for franchisors, brokers, FSOs and broker associations to submit updates about the inventory they represent in real time as they occur. Many of us represent hundreds of brands, and updates to that inventory occur almost on a daily basis. The burden of reporting those changes is untenable and places an enormous administrative burden upon everyone involved, distracting our attention away from our primary responsibility of serving prospective franchisees with excellence and integrity.

As a result, the smaller franchisor or brokerage that does not have a large administrative staff would be unable to comply with such requirements and only the larger, already established franchisors and franchise sales organizations would be able to operate. An unintended

consequence of these requirements is that the cost of compliance would make it impossible for emerging franchise brands to become established in the marketplace. Moreover, the resources needed for franchisors of any size to comply with these new requirements will mean they are taking resources away from investing in the success of their franchise model, which will ultimately harm the very people the Act is attempting to protect.

Thank you for working toward bringing a higher level of professionalism and integrity to our industry. We look forward to working with you to find a way to ensure that franchise organizations involved in the franchise sales process are able to conduct business in a way that best serves the interests of potential franchisees and their communities.

Respectfully,

Kathryn Baker

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Because Being Your Own Boss... ROCKS!

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