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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]Request for Public Comment Proposed NASAA Model Franchise Broker Registration Act  
**Date:** Thursday, June 13, 2024 9:10:27 PM

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Thank you for the opportunity to comment on the proposed statement of policy (SOP) regarding the Model Franchise Broker Registration . My wife and I were interested in purchasing a franchise and were steered to Premier Martial Arts Franchise in the pursuit of building a viable and trustworthy company. We thought the franchise business would give us another opportunity to run a viable business and continue to build wealth. My wife has worked in the Pharma Industry for over 20 years and I have been a consultant and baseball coach for 20 years.

I am in full support of NASAA's proposed SOP. I have heard far too many stories of franchisees receiving financial data outside of the FDD. I have fallen prey to the schemes of the franchise broker. The FDD for the franchise I bought into was completely misleading and based on a completely different business model than the one we were sold, which had no proven success. As a result, it was a failed business model and there has been no accountability for the franchise broker nor the Franchisor. Essentially, we are to believe that the buyers of those franchises bought the franchise with no knowledge of revenues or costs. The fact of the matter is that improper financial data is given in many ways. It may come directly from the franchisor, but in a subtle way. We are in desperate need of change and regulation.

On our discovery day in Knoxville, TN, Premier Martial Arts presented several Dojos that they claimed were financially grossing over \$40,000 a month. Inflated numbers to say the least. They also inflated numbers that each unit could bring in over \$500,00 gross per year. This was a far stretch from the truth. There were additional claims that the franchisor was not upfront about the start-up costs. There were many hidden and inflated costs, and the franchisor was getting kickbacks from all parties involved. The model they were using for a successful franchise was more than double and sometime triple the size of the model we were sold. Additionally, it was run by a dojo who was originally a licensee using the Premier Martial Arts name and not someone who brought this small footprint studio. The brokers and franchisors sold hundreds of this "new model" franchise and many of these businesses have closed, are in the red monthly, or barely breaking even. This is gross negligence of Premier Martial Arts, Unleashed Brands, and the third-party brokers that sold franchisees this model. There has been no accountability.

During the process, the only franchisees that would talk to me were ones supplied by the franchisor, and they were the top performing studios. The top Premier Martial Arts numbers were shown for bigger studio owners who were originally licensees and not under the model we were sold. Many of us discovered this well after signing.

I was supplied (by the Franchisor) a spreadsheet for my SBA loan application that gave me financials. These numbers were completely fake. I was approved for my loan based on these numbers. Now, my business is closed, and I am still responsible for paying the SBA loan back because I signed a personal guarantee. I am paying a loan, which is taking away from my retirement savings because I bought into a bogus franchise.

We were steered heavily into this franchise by a third-party broker to Premier Martial

Arts who used false numbers and sales tactics to get us into this unfortunate failed Franchise model.

The Franchisor did not care who was approved at \$49,500 a unit and we were forced to buy a minimum of two units. The Franchise model is broken for the American public and there are not any guardrails to ensure accountability for bad actors. Instead, diligent Americans are defrauded out of hundreds of thousands, and in some cases, millions of dollars. It is very disheartening that we were defrauded from a collective of individuals and now realize there is nothing in place to prevent this from happening to other hard-working Americans. My wife and I are in full support of legislation that would prevent fraudulent numbers being released to any potential investors, so they will not lose their life savings and become prey to predator Franchisors who are willing to do anything to make money.

It is time to hold parties accountable. It is time to put legislation in place to regulate what is being produced. It is time Franchisors and Brokers take responsibility for their unethical tactics. It is not okay to sell a franchise with bogus information. It is not okay to shield responsibility by having franchisees instantly sign off on questionnaires and acknowledgments. Our industry needs to be better than this. I encourage NASAA to adopt the proposed SOP.

Sincerely,

The Thibeauxs