

From: Donna Green
Sent: Thursday, December 19, 2024 2:34 PM
To: NASAA Comments
Cc: Amy Kopleton
Subject: Concern regarding Dishonest Business Practices of Broker-Dealers And Agents

Dear NASAA,

Thank you for the opportunity to provide comments regarding the highlighted provisions below.

Referring to the section titled Dishonest or Unethical Business Practices of Broker-Dealers and Agents [Adopted May 23, 1983; Amended May 16, 2022; Amended [date]], I would like to express my concerns about the lack of accountability for franchise brokers when recommending or selling franchise opportunities to potential franchisees.

Specifically, under Broker-Dealers, provisions (c) and (d) emphasize the importance of ensuring recommendations are suitable and in the best interest of the customer, based on a reasonable understanding of the customer's financial objectives and needs. While these principles are vital for broker-dealers in the securities industry, I believe similar standards should apply to franchise brokers who guide prospective franchisees through significant and often life-changing financial investments.

I would like to share my experience to illustrate this concern:

I worked with a franchise brokerage firm, Rhino 7, where I clearly communicated my financial goals and objectives to my representative. Given that I was utilizing a Rollover as Business Startups (ROBS) plan to finance the business, I approached this investment cautiously and performed my own calculations based on the business plan presented by the broker. The projections shared during the discovery process appeared to align with my financial goals and suggested the business could meet my expectations.

However, after signing the Franchise Agreement, I uncovered numerous discrepancies in the projected costs and expenses of running the business that were not disclosed during the discovery process, which I feel significantly impacted the feasibility of achieving the financial outcomes presented.

Three years into operating the business, I have not recouped my initial investment, nor am I able to take a salary, despite the broker's initial assurance that my expectations should not be a problem to achieve. . In my

view, this constitutes a misrepresentation of the business opportunity and a failure to provide a comprehensive disclosure of the costs and risks involved.

I strongly urge NASAA to consider implementing stricter regulations and accountability measures for franchise brokers. These measures should include requirements for full transparency and disclosure of all relevant financial details during the franchise sales process, as well as safeguards to ensure franchise brokers act in the best interest of their clients.

Thank you for your time and attention to this matter. I hope my experience helps to bring about positive change in the industry to protect future franchisees from similar challenges.

Sincerely,

Donna H Green