



April 27, 2010

Ms. Faith L. Anderson  
Associate General Counsel  
Washington State Department of Financial Institutions  
Securities Division  
Post Office Box 9033  
Olympia, WA 98507-9033

Re: Proposed Amendments to Chapter 460-82 WAC

Dear Ms. Anderson:

The International Franchise Association (IFA) welcomes the opportunity to comment on the amendments to Chapter 460-82 WAC as proposed by the Department of Financial Institutions (the Department). The IFA will also provide input on other provisions of the Department's franchise regulatory scheme that are not address by this proposal.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 12,000 franchisee, 1,100 franchisor and 500 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output. In Washington State alone, there are over 18,000 franchised businesses, employing 203,000 workers and contributing \$16.8 billion to the state's economy. IFA franchisor members that are headquartered in Washington include HomeTask, HomeWell Senior Care, Papa Murphy's International, Seattle's Best Coffee, and WIN Home Inspection.

According to the proposed rulemaking, the Department is seeking to streamline the regulatory framework of franchising in Washington State by amending the broker registration rules set forth in Chapter 460-82 WAC. The IFA appreciates any effort to improve the workability of regulations governing the registration and sale of franchises. However, we disagree with the need for a broker registration framework as part of the state's regulation of franchising.

The regulation of franchise brokers is part of the national framework of franchise regulation contained within the Federal Trade Commission's (FTC) Franchise Rule, and additional state requirements are not only duplicative but serve little, if any, consumer protection goals. In Washington, the information obtained through the broker registration process is already obtained by the Department through the franchisor registration process. Broker registration is an outdated regulatory hurdle, evidenced by the fact that states such as New York and Illinois, where the process was eliminated in 2009, are moving away from it entirely.

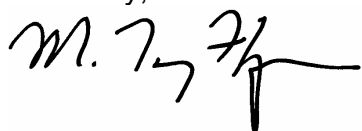
Ms. Faith Anderson  
April 27, 2010  
Page 2

As the Department examines its franchise regulations, the IFA encourages you to address inconsistencies between Washington State and FTC regulation. As you know, the FTC released a revised Franchise Rule in 2007 to modernize the federal rules governing the offer of franchise agreements. The FTC now requires fourteen calendar days for review of a disclosure document, rather than ten business days or upon the first personal meeting of the two parties. Washington State law, however, retains the outdated first personal meeting standard. Several states, including South Dakota, Illinois, and as of last week Maryland, have eliminated this unnecessary difference between the state and federal rules. Making the necessary changes to Washington State law would provide more clarity to Washingtonians who are considering the purchase of a franchise.

Again, the IFA recognizes and appreciates your efforts to improve the regulatory climate for franchising in Washington State. We strongly encourage the state to consider removing the unnecessary structure of franchise broker registration and recordkeeping. This provision remains a hindrance to franchising as a business model in the state and to the general public. IFA also encourages the state to bring its disclosure requirements into coordination with the revised FTC Franchise Rule.

Please contact me should you require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Troy Flanagan". The signature is stylized with a large initial "M" and a long horizontal stroke at the end.

M. Troy Flanagan  
Director, Government Relations