

**Congress of the United States**  
**Washington, DC 20515**

July 24, 2023

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Ave, NW  
Washington, DC 20580

Dear Chair Khan,

We write to you with concerns about recent activity at the Federal Trade Commission (FTC) that threatens the franchise model. Franchises play a pivotal role in our communities throughout America by providing opportunities for jobs and local entrepreneurship across the country.

While the FTC has jurisdiction over pre-sale disclosure in franchising, the commission's recent request for information (RFI) concerning franchisors is an effort that does not align with the statutory jurisdiction or mission of the agency. Also, there is little evidence of growing unfair or deceptive practices as cited in the RFI that would serve as a legitimate basis for the commission's inquiry. Nevertheless, the RFI includes 75 intrusive questions about private franchise contracts, as well as franchisors' association with franchise employees.

During your testimony before both the House Committee on Appropriations and the House Committee on Energy & Commerce, you offered an opaque response about what you plan to do with the information collected from the RFI. You said you are seeking to learn more about the "growing concern around unfair and deceptive practices in the franchise industry," even though the FTC has produced no substantiation to support its "growing concern" claim.

Since 2019, the FTC has been reviewing the Franchise Rule, a rule which dozens of Members of Congress have highlighted as beneficial to the U.S. economy. However, no determination has been made by the agency and it remains unclear if there is any connection between the RFI and the agency's review of the Franchise Rule.

Franchising is an American business model that generates a path for career development and entrepreneurship for people of all backgrounds across the country. A recent survey of 3,500 franchisees in Oxford Economics found that nearly one-third of survey respondents said they would not own a business without the franchise model.<sup>1</sup> In addition, franchisee satisfaction is currently at an all-time high with 88% of franchisees expressing their enjoyment in being part of their organizations.<sup>2</sup>

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<sup>1</sup> [\*The Value of Franchising. Oxford Economics \(2021\).\*](#)

<sup>2</sup> [\*Franchise Industry Report. Franchise Business Review \(2022\)\*](#)

Taking this into consideration, we ask that the FTC exercise caution to ensure that it does not act beyond its mission and undermine this successful business model for the millions of Americans who benefit from it every day.

Sincerely,



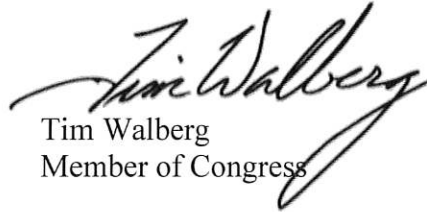
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Member of Congress



Larry Bucshon, M.D.  
Member of Congress



Kevin Kiley  
Member of Congress



Tim Walberg  
Member of Congress



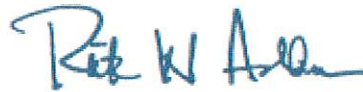
Henry Cuellar  
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Troy Balderson  
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Jerry L. Carl  
Member of Congress

cc:

Rebecca Kelly Slaughter, Commissioner  
Alvaro Bedoya, Commissioner