



American Association of Franchisees & Dealers *The Center for Total Quality FranchisingSM*

276 Hazard Ave, Suite 11
Enfield, CT 06082
(619) 209-3775
E-mail: media@aafd.org
Website: www.AAFD.org

March 18, 2024

Senator Tom Umberg
1021 O Street, Suite 6530
Sacramento, CA 95814
(Sent electronically via email)

RE: Senate Bill 919, Support, Sponsor

Dear Senator Umberg,

On behalf of the members of the American Associations of Franchisees and Dealer (AAFD), we thank you for authoring and introducing Senate Bill 919. We are happy to offer our support and ask to be listed as a sponsor of the bill.


AAFD is the oldest and largest national not for profit trade association advocating the rights and interests of franchisees and independent dealer networks. The AAFD supports more than 50 independent franchisee associations and trademark specific chapters, representing thousands of franchisee operated business outlets. Since our establishment in 1992, the AAFD has focused on its mission to define, identify and promote collaborative franchise cultures that respect the legitimate interests of both franchisors and franchisees, cultures we describe as embracing our vision of *Total Quality FranchisingSM*. The AAFD came into existence in response to a franchising community that has been evolving towards increasingly one-sided and controlling franchise agreements and cultures whereby franchisee equity and business ownership has been continually eroding such that many modern franchise systems have lost all vestiges of business ownership.

Senate Bill 919 will specifically require franchise sellers to register with the state, provide significant disclosures to its clients, and assign liability if they don't provide accurate information on the franchise they are selling. Currently, franchise sellers, often called franchise brokers, have no requirements. For example, to become a franchise broker, all you have to do is call yourself one. The importance of registration and disclosure is because buying a franchise puts the franchisee at significant risk. Most franchises, and often the loans required to obtain the franchise, require personal guarantees by the franchisee. Unlike most other large investments where only the investment is at risk, buying a franchise can put ALL your assets at risk. Because of these risks it is critical that franchise sellers have disclosure requirements and liability if they provide improper information about the franchise they are selling.

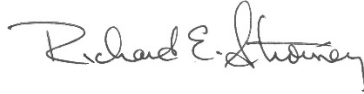
The Center for Total Quality FranchisingSM

The AAFD enthusiastically endorses this legislation and will put its full support behind its passage.

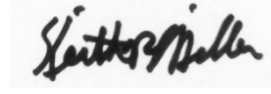
Respectfully submitted,



Robert L. Purvin, Jr,
Chair, Board of Trustees



Richard E. Stroiney
Trustee, Chief Executive Officer
and Executive Director



Keith R. Miller
Trustee and Director of
Public Policy and Engagement