



FBA

Franchise Brokers Association

Code of Ethics and Conduct
Of the
Franchise Brokers Association
("FBA" or "the Association")
PREAMBLE

WHEREAS, investing in, financing, consulting, researching, and managing franchise sales are regulated endeavors; and

WHEREAS, FBA seeks for its members to not only comply with all applicable laws and regulations, but that all members attempt to conduct themselves with the highest standards of ethical conduct and professionalism regardless of circumstances, in order to develop, cultivate and maintain a reputation of FBA and its members as being synonymous with excellence and integrity in our industry; and

WHEREAS, by joining FBA or renewing one's membership in FBA, each member acknowledges his, her or its acceptance with current and any future aspirations; agrees to conduct the member's activities within the highest principles of the free enterprise system and the highest standards of honesty, integrity, competency and fairness; and adopts and agrees to be bound by the Code of Ethics and Conduct set forth below, as amended from time to time hereafter.

NOW, THEREFORE, this Code of Ethics and Conduct ("the Code") is duly enacted by the Senior Council of FBA at a duly constituted meeting of the council held on the 19th day of November 2010.

I. The foregoing recitals are hereby adopted as a part of this Code of Ethics and Conduct.

II. Ethics and Conduct Committee

The Ethics and Conduct Committee shall consist of the Executive Director and the Senior Council, appointed by the board of directors. The Executive Director shall preside at all meetings of the Ethics and Conduct Committee. The ECC shall maintain a record of, shall research and investigate all legal, ethical and conduct issues, standards and practices as requested by the board, and shall advise the board of the ECC's conclusions and recommendations in respect thereto, including but not necessarily limited to any issues assigned to the ECC by the board regarding the existence or not of probable cause of the commission of violations and/or the appropriate sanctions to be imposed by the board for alleged violations of the Code. The final decision on whether or not a violation of the Code has actually been committed, and the appropriate sanction for any such violation, shall be determined by the board after appropriate notice to the member and an opportunity to be heard, as elaborated upon below.

III. Membership

1. Membership in the association does not entail any ownership rights in any assets of the association, and each member acknowledges the absence of any vested right in membership, and that violation of the Code shall subject a member, in addition to or in lieu of other, lesser sanctions, to possible expulsion from membership without any refund whatsoever, prorated or otherwise, for the portion of the fiscal year remaining after expulsion and without any right to assert any claim for defamation or other alleged wrong by reason of the expulsion. Moreover, the FBA may impose expulsion as a conditional sanction, if, for example and not by way of limitation, a member fails to make restitution by a certain date or fails to initiate or complete some other remedial action within a specified time.



IV. Code of Ethics

All members of the FBA will be held to a higher standard of business ethics, honesty, integrity, competency, fairness and behavioral conduct as a condition of becoming and remaining as a member of FBA. This standard includes, but is not limited to each of the following:

1. FBA members shall treat other members of the Association with courtesy and respect, and shall refrain from unjust comments or criticism about fellow members.
2. FBA members will not knowingly engage in activities that will bring discredit to their fellow members or the Association.
3. FBA members will act as positive role models when dealing with clients, the public, media and government officials while providing franchise information, products or services to others.
4. FBA members shall not discriminate against any person on account of race, color, religion, age, national origin, sex, handicap or familiar status as defined by applicable local, state and federal laws.
5. It shall be a material violation of the Code for any member to use the membership directory for solicitations or for commercial purposes without written permission of the board.
6. FBA members will endeavor to provide assistance to fellow members whenever possible and appropriate. When providing advice or information, members shall do so only to the extent that they feel competent to do so.
7. FBA members shall be prudent in their disclosure of information regarding other persons or entities. In particular, information of a personal nature shall be treated judiciously and disclosed only when required or permitted by law or by the person or business about whom the information is disclosed.
8. FBA members neglecting to pay dues by the date they are due, including any grace period, if any, set by the board of directors, shall surrender all rights and privileges of membership forthwith and shall automatically be dropped from the membership rolls.
9. FBA members will not intentionally misrepresent any material facts in dealing with other members or the general public. For example, and without limiting the generality of the foregoing, members will not intentionally lie, cheat, steal or otherwise take unfair advantage of others in the conduct of their franchise sales or other business dealings, nor take unfair advantage of the FBA.
10. FBA members will endeavor to keep themselves informed on matters affecting the franchise broker/consulting industry, including local, state and federal laws, regulations and significant judicial decisions, and shall conduct themselves in accordance therewith. Members shall strive to improve their knowledge and competence in matters relating to franchise investing and management.
11. FBA members understand and acknowledge that it is up to each member to bring to the attention of the board any conduct of another member or proposed member known or believed in good faith to be in material violation of the Code; and to perform such due diligence in their business dealings as the respective member reasonably deems necessary or appropriate to the circumstances, to avoid or minimize the possibility of falling victim to fraud, misrepresentation and illegal practices.



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V. Reporting Procedures

An FBA member(s) or a person(s) of the general populations ("complainant") who wants the Association to take action against a member ("respondent") for what the complainant perceived to be unethical behavior or other violation of the Code shall prepare and sign a complaint on such form as may be developed by the board, and deliver the complaint to the Senior Director, together with such material document(s), if any, as for the basis of the complaint. The complaint shall contain immediately above the signature of the complainant the following language in bold print: **Under penalties of perjury, I hereby represent that the foregoing facts are true and correct to the best of my knowledge and belief, this ____ day of _____, 201_.**

1. The Executive Director shall present the complaint to the board at its next regular monthly meeting, or to any subcommittee of the board hereafter established to consider such complaints, for a decision on whether to:

(a) refer it initially to the ECC for probable cause determination or other action, or (b) schedule it for an evidentiary hearing before the board on the merits, or (c) render a no probable cause determination or other disposition forthwith, or (d) furnish a copy of the complaint and any exhibits to the respondent and invite a response to the complaint within 20 days after receipt by the respondent before taking any of the actions described in (a) – (c) above. The response shall be submitted with the same bold print language as in the complaint, immediately above the respondent's signature, viz: **Under penalties of perjury, I hereby represent that the foregoing facts are true and correct to the best of my knowledge and belief, this ____ day of _____, 201_.**

VI. Investigation Procedures:

1. The ECC will perform such investigation and research as it deems appropriate to enable it to formulate a recommendation to the board on: whether there is probable cause to conclude that a violation of the Code may have occurred; one or more recommended sanctions if the board concludes at the evidentiary hearing that one or more violations of the Code did, in fact, occur; any other areas of recommendation or advice requested by the board. The ECC will endeavor to submit its recommendations to the board within 30 days after the ECC first convenes a quorum to consider the matter, but any delay in convening or in formulating its recommendations shall have no substantive effect. The ECC may convene by telephone if and to the extent necessary. As chairman of the ECC, the Executive Director will present to the board of directors the recommendations of the ECC.

2. The ECC's role is advisory only, and the board shall not be bound by the recommendations of the ECC. Accordingly, the board can, for example, reject a finding of probable cause in whole or in part, as well as any recommended sanctions or recommendations on any procedural or evidentiary issues, or can refer the matter back to the ECC for clarification or otherwise.

3. If the board accepts the ECC's finding of probable cause in whole or in part, it shall set a date for evidentiary hearing on the charge(s) on which probable cause was found, and shall give at least 20 days notice by certified or registered mail or courier (e.g. Federal Express) to the complainant and respondent of the date, time and location of the hearing, and the violation(s) for which probable cause was found, in order that they may appear, give testimony, and present witnesses and documentary



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evidence, and the respondent may cross-examine all witnesses, if and as desired. The board shall liberally apply the rules of evidence such that all relevant and material evidence is permitted, and so that hearsay evidence shall be admissible, with the fact of it being hearsay going to the weight of that evidence rather than to its admissibility. Upon request of the board, an attorney member of the board may participate at the evidentiary hearing to advise the board, and/or to preside at the hearing and/or to examine or cross-examine witnesses, but said non-board member attorney shall have no vote on the outcome. Unless an attorney member of the ECC is asked to preside or the board has an attorney member to preside, the Executive Director shall preside at the evidentiary hearing (unless she is directly involved with the issue, in which case a member of the board shall preside).

VII. Reinstatement of Membership

Suspended or expelled members must go through the process of reinstatement to again become an active member. The suspended or expelled member may submit a written request for reinstatement to the board of directors. The board may, by an affirmative vote of a majority of the members of the board present, reject the request, or refer it first to the ECC for recommendation, or reinstate such former member to the membership upon such terms as the board may deem appropriate, or any combination thereof.

Print Name

Signature

Date