

NUMEROUS PROBLEMS BOTH FROM AN INVESTMENT AND A BUSINESS POINT OF VIEW IN THIS STATE. FRANCHISEES AND DISTRIBUTEES HAVE SUFFERED SUBSTANTIAL LOSSES WHEN THE FRANCHISOR, DISTRIBUTOR OR HIS REPRESENTATIVE HAS NOT PROVIDED FULL AND COMPLETE INFORMATION REGARDING THE FRANCHISOR-FRANCHISEE RELATIONSHIP, THE DETAILS OF THE CONTRACT BETWEEN FRANCHISOR AND FRANCHISEE OR DISTRIBUTOR AND DISTRIBUTEE, AND THE PRIOR BUSINESS EXPERIENCE OF THE FRANCHISOR, DISTRIBUTOR, OR HIS REPRESENTATIVE.

(B) IT IS THE INTENT OF THIS SUBTITLE TO PROVIDE EACH PROSPECTIVE FRANCHISEE OR DISTRIBUTEE THE INFORMATION NECESSARY REGARDING FRANCHISES OR DISTRIBUTORSHIPS BEING OFFERED. FURTHER, IT IS THE INTENT OF THIS SUBTITLE TO PROHIBIT THE SALE OF FRANCHISES IF THE SALE WOULD LEAD TO FRAUD OR A LIKELIHOOD THAT THE FRANCHISOR'S OR DISTRIBUTOR'S REPRESENTATIONS WOULD NOT BE FULFILLED, AND TO PROTECT THE FRANCHISOR OR DISTRIBUTOR AND FRANCHISEE OR DISTRIBUTEE WITH REGARD TO THEIR BUSINESS RELATIONSHIP.

325.

BEGINNING JULY 1, 1977, IT IS UNLAWFUL FOR ANY PERSON TO OFFER, THROUGH ADVERTISEMENT OR OTHERWISE, OR SELL ANY FRANCHISE IN THIS STATE UNLESS THE OFFER OF THE FRANCHISE HAS BEEN REGISTERED UNDER THIS SUBTITLE.

326.

THE REGISTRATION REQUIREMENTS OF §325 DO NOT APPLY TO THE FOLLOWING CIRCUMSTANCES:

(1) THE OFFER OR SALE OF A FRANCHISE BY A FRANCHISEE FOR HIS OWN ACCOUNT OR THE OFFER OR SALE OF THE ENTIRE AREA FRANCHISE OWNED BY A SUBFRANCHISOR FOR HIS OWN ACCOUNT. A SALE IS NOT EFFECTED BY OR THROUGH A FRANCHISOR MERELY BECAUSE A FRANCHISOR HAS A RIGHT TO APPROVE OR DISAPPROVE A DIFFERENT FRANCHISEE;

(2) ANY TRANSACTION BY AN EXECUTOR, ADMINISTRATOR, SHERIFF, RECEIVER, TRUSTEE IN BANKRUPTCY, GUARDIAN OR CONSERVATOR;

(3) ANY OFFER OR SALE OF A FRANCHISE WHICH IS SUBSTANTIALLY SIMILAR TO A FRANCHISE OWNED BY THE OFFEREE;

~~(3)~~ (4) ANY OTHER TRANSACTIONS WHICH THE COMMISSIONER BY RULE EXEMPTS AS NOT BEING COMPREHENDED WITHIN THE PURPOSES OF THIS ACT AND THE REGISTRATION OF WHICH HE FINDS IS NOT NECESSARY OR APPROPRIATE IN THE PUBLIC INTEREST OR FOR THE PROTECTION OF INVESTORS.

327.

THE APPLICATION FOR REGISTRATION OF AN OFFER CONSISTS OF AN OFFERING PROSPECTUS WHICH SHALL BE FILED