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**By: Senator Bromwell**

Introduced and read first time: January 31, 1996

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 6, 1996

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Maryland Business Opportunities Sales Act - Revision**

3 FOR the purpose of expanding the definition of a business opportunity under the  
4 Maryland Business Opportunities Sales Act; altering the applicability of the  
5 Maryland Business Opportunities Sales Act; requiring the Maryland Securities  
6 Commissioner to follow certain procedures when passing certain summary and final  
7 orders; providing exceptions to those procedures; expanding the remedies available  
8 to the Maryland Securities Commissioner when a provision of the Maryland  
9 Business Opportunities Sales Act has been violated; altering registration  
10 requirements for sellers of business opportunities; requiring certain renewals for  
11 registrations; providing procedures for the renewal of registrations; authorizing the  
12 Maryland Securities Commissioner to require the filing of certain documents  
13 associated with the sale of business opportunities; authorizing the Maryland  
14 Securities Commissioner under certain circumstances to pass certain orders to  
15 suspend or revoke the effectiveness of certain registrations, amendments to  
16 registrations, or required reports; altering certain requirements relating to the  
17 provision of a certain disclosure document by a seller to a prospective buyer;  
18 allowing a prospective buyer a certain amount of time to review a certain disclosure  
19 document before signing a certain contract or agreement; expanding the types of  
20 information that a seller must include in a certain disclosure document; defining a  
21 certain term; and generally relating to the Maryland Business Opportunities Sales  
22 Act.

23 BY repealing and reenacting, with amendments,

24 Article - Business Regulation

25 Section 14-101, 14-103, 14-104, 14-114, 14-117, and ~~14-118~~ 14-119

26 Annotated Code of Maryland

27 (1992 Volume and 1995 Supplement)

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1 BY repealing and reenacting, without amendments,  
 2 Article - Business Regulation  
 3 Section 14-102, 14-105 through 14-109, 14-111, 14-112, 14-115, 14-116, ~~14-119,~~  
 4 and 14-120 through 14-129  
 5 Annotated Code of Maryland  
 6 (1992 Volume and 1995 Supplement)

7 BY repealing  
 8 Article - Business Regulation  
 9 Section 14-110 ~~and 14-113, 14-113, and 14-118~~  
 10 Annotated Code of Maryland  
 11 (1992 Volume and 1995 Supplement)

12 BY adding to  
 13 Article - Business Regulation  
 14 Section 14-110, 14-113, 14-113.1, and ~~14-119.1~~ 14-119  
 15 Annotated Code of Maryland  
 16 (1992 Volume and 1995 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Business Regulation**

20 14-101.

21 (a) In this subtitle the following words have the meanings indicated.

22 (b) "Business opportunity" means an arrangement between a buyer and seller in  
 23 which;

24 (1) the seller[:

25 (1) sells or leases to the buyer products, equipment, supplies, or services to  
 26 enable the buyer to start a business; and

27 (2) represents that the seller:

28 (i) will provide or help the buyer to get accounts or retail outlets for  
 29 the use or operation of vending machines, racks, display cases, currency-operated  
 30 amusement machines, or other similar devices on premises neither owned nor leased by  
 31 the buyer or seller;

32 (ii) will buy products that the buyer makes, fabricates, grows, breeds,  
 33 or modifies by using, wholly or partly, the products, equipment, supplies, or services sold  
 34 or leased to the buyer;

35 (iii) will provide a sales or marketing program to enable the buyer to  
 36 get from the business income that exceeds the price paid for the business;

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1 (iv) will refund all or part of the price paid for the business or  
2 repurchase the products, equipment, or supplies sold or leased by the seller, if the buyer  
3 is not satisfied with the business; or

4 (v) guarantees that the buyer will get from the business income that  
5 will exceed the price paid for the business.] OR A PERSON RECOMMENDED OR  
6 REFERRED BY THE SELLER PROVIDES TO THE BUYER PRODUCTS, EQUIPMENT,  
7 SUPPLIES, OR SERVICES THAT ENABLE THE BUYER TO START A BUSINESS;:

8 (2) THE BUYER IS REQUIRED TO PAY THE SELLER OR A PERSON  
9 RECOMMENDED OR REFERRED BY THE SELLER \$300 OR MORE DURING THE PERIOD  
10 BEGINNING ANY TIME BEFORE COMMENCING OPERATIONS AND ENDING 6 MONTHS  
11 AFTER COMMENCING OPERATIONS OF THE BUSINESS; AND

12 (3) THE SELLER REPRESENTS, DIRECTLY OR INDIRECTLY, ORALLY OR  
13 IN WRITING, THAT:

14 ~~1-~~ (I) THE SELLER OR A PERSON RECOMMENDED OR  
15 REFERRED BY THE SELLER WILL HELP THE BUYER IN FINDING LOCATIONS FOR THE  
16 USE OR OPERATION OF VENDING MACHINES, RACKS, DISPLAY CASES, OR OTHER  
17 SIMILAR DEVICES ON PREMISES THAT ARE NOT OWNED OR LEASED BY THE BUYER  
18 OR SELLER;

19 ~~2-~~ (II) THE SELLER OR A PERSON RECOMMENDED OR  
20 REFERRED BY THE SELLER WILL HELP THE BUYER IN FINDING OUTLETS OR  
21 ACCOUNTS FOR THE BUYER'S PRODUCTS OR SERVICES;

22 ~~3-~~ (III) THE SELLER OR A PERSON SPECIFIED BY THE  
23 SELLER WILL BUY PRODUCTS MADE, PRODUCED, FABRICATED, GROWN, BRED, OR  
24 MODIFIED BY THE BUYER;

25 ~~4-~~ (IV) THE SELLER GUARANTEES THAT THE BUYER WILL  
26 RECEIVE FROM THE BUSINESS INCOME AN AMOUNT THAT EXCEEDS THE PRICE PAID  
27 TO THE SELLER;

28 ~~5-~~ (V) IF THE BUYER IS NOT SATISFIED WITH THE  
29 BUSINESS, THE SELLER WILL REFUND ALL OR PART OF THE PRICE PAID TO THE  
30 SELLER, OR REPURCHASE ANY OF THE PRODUCTS, EQUIPMENT, OR SUPPLIES  
31 PROVIDED BY THE SELLER OR A PERSON RECOMMENDED OR REFERRED BY THE  
32 SELLER; OR

33 ~~6-~~ (VI) THE SELLER WILL PROVIDE A MARKETING PLAN.

34 (C) "MARKETING PLAN" MEANS ADVICE OR TRAINING THAT A SELLER OR A  
35 PERSON RECOMMENDED OR REFERRED BY THE SELLER PROVIDES TO THE BUYER,  
36 RELATING TO THE SALE OF ANY PRODUCTS, EQUIPMENT, SUPPLIES, OR SERVICES,  
37 AND THE ADVICE OR TRAINING INCLUDES PREPARING OR PROVIDING:

38 (1) PROMOTIONAL LITERATURE, BROCHURES, PAMPHLETS, OR  
39 ADVERTISING MATERIALS;

40 (2) TRAINING REGARDING THE PROMOTION, OPERATION, OR  
41 MANAGEMENT OF THE BUSINESS OPPORTUNITY; OR

4

1 (3) OPERATIONAL, MANAGERIAL, OR FINANCIAL GUIDELINES OR  
2 ASSISTANCE.

3 [(c)] (D) "Buyer" means a person who buys or leases products, equipment,  
4 supplies, or services in connection with a business opportunity.

5 [(d)] (E) "Commissioner" means the Securities Commissioner in the office of the  
6 Attorney General.

7 [(e)] (F) "Seller" means a person who sells or leases products, equipment,  
8 supplies, or services in connection with a business opportunity.

9 14-102.

10 The General Assembly finds that:

11 (1) the sale of business opportunities is a field in which investment problems  
12 and deceptive practices are common; and

13 (2) this subtitle is needed to regulate this field adequately and prevent these  
14 deceptive practices.

15 14-103.

16 (a) This subtitle applies to an offer to sell or sale of a business opportunity if:

17 (1) [the buyer must:

18 (i) pay an initial consideration of at least \$200; or

19 (ii) pay to the seller a fee of at least \$200 for a sales or marketing  
20 program; and

21 (2) (i)] the offeree or buyer is a resident of the State;

22 [(ii)] (2) the business opportunity will be or is operated in the State;

23 [(iii)] (3) the offer to sell is made in the State; or

24 [(iv)] (4) the offer to buy is accepted in the State.

25 (b) (1) For purposes of this section, an offer to sell is made in the State,  
26 whether or not either party is then present in the State, if the offer:

27 (i) originates from the State; or

28 (ii) is directed by the offeror to the State and is received at:

29 1. the place to which it is directed; or

30 2. a post office in the State.

31 (2) For purposes of this section, an offer to sell is not made in the State only  
32 because the publisher circulates or there is circulated on the publisher's behalf in the  
33 State:

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1 (i) a newspaper or other publication of general, regular, and paid  
2 circulation that:

3 1. is not published in the State; or

4 2. is published in the State but has had more than two-thirds of  
5 its circulation outside the State during the past 12 months; or

6 (ii) a radio or television program that originates outside the State and  
7 is received in the State.

8 (3) For purposes of this section, an offer to buy is accepted in the State if  
9 acceptance:

10 (i) is communicated to the offeror in the State; and

11 (ii) has not been communicated previously to the offeror, orally or in  
12 writing, outside the State.

13 (4) For purposes of this section, acceptance is communicated to the offeror  
14 in the State, whether or not either party is then present in the State, if:

15 (i) the offeree directs acceptance to the offeror in the State  
16 reasonably believing the offeror to be in the State; and

17 (ii) the acceptance is received at:

18 1. the place to which it is directed; or

19 2. a post office in the State.

20 14-104.

21 (A) This subtitle does not apply to:

22 (1) a sale of an ongoing business if the owner of the business sells and  
23 intends to sell only that one business opportunity;

24 (2) a not-for-profit sale, for less than \$500, of sales demonstration  
25 equipment, materials, or samples;

26 (3) an offer to sell or sale of a franchise registered OR EXEMPT FROM  
27 REGISTRATION under Subtitle 2 of this title;

28 (4) an offer to sell or sale of a business if the offer or sale is regulated under  
29 the Maryland Gasohol and Gasoline Products Marketing Act or the federal Petroleum  
30 Marketing Practices Act;

31 (5) an offer to sell or sale of a business opportunity with a [sales or]  
32 marketing [program] PLAN made in conjunction with the licensing of a FEDERALLY  
33 registered trademark or service mark[; or], PROVIDED THAT THE SELLER HAS A  
34 MINIMUM NET WORTH OF \$1,000,000 AS DETERMINED ON THE BASIS OF THE SELLER'S  
35 MOST RECENT AUDITED FINANCIAL STATEMENT PREPARED WITHIN 13 MONTHS OF  
36 THE FIRST OFFER THAT THE SELLER MAKES IN THE STATE; OR

6

1                   (6) ~~AN OFFER TO SELL OR THE SALE OF A BUSINESS OPPORTUNITY FOR~~  
2 ~~WHICH THE BUYER IS REQUIRED TO PAY THE SELLER OR A PERSON~~  
3 ~~RECOMMENDED OR REFERRED BY THE SELLER LESS THAN \$200 FROM ANY TIME~~  
4 ~~BEFORE COMMENCING OPERATIONS TO 6 MONTHS AFTER COMMENCING~~  
5 ~~OPERATION OF THE BUSINESS OPPORTUNITY; OR~~

6                   ~~{(6)}~~ (7) any other sale or transaction if the Commissioner:

7                   (i) exempts the sale or transaction, by regulation or order, as not  
8 being within the purposes of this subtitle; and

9                   (ii) finds the registration of the sale or transaction to be unnecessary,  
10 inappropriate, not in the public interest, or not for the protection of investors.

11               (B) NET WORTH MAY BE DETERMINED ON A CONSOLIDATED BASIS IF:

12               (1) AT LEAST 80% OF THE SELLER IS OWNED BY ONE PERSON; AND

13               (2) THE PERSON THAT OWNS AT LEAST 80% OF THE SELLER EXPRESSLY  
14 GUARANTEES THE OBLIGATIONS OF THE SELLER WITH REGARD TO THE OFFER OR  
15 SALE OF A BUSINESS OPPORTUNITY THAT THE SELLER SEEKS TO EXCLUDE UNDER  
16 THIS PARAGRAPH.

17 14-105.

18               The Commissioner may delegate any power or duty of the Commissioner under this  
19 subtitle.

20 14-106.

21               To enforce this subtitle, the Commissioner may pass orders and adopt regulations  
22 and forms.

23 14-107.

24               The Commissioner may:

25               (1) publish information about violations of this subtitle and of regulations  
26 adopted and orders passed under it;

27               (2) report to the appropriate law enforcement officer information about  
28 violations of this subtitle; and

29               (3) help, develop, and hold programs of public education and information  
30 about this subtitle.

31 14-108.

32               The Commissioner may investigate in or outside the State to:

33               (1) determine if a person has violated this subtitle;

34               (2) adopt regulations or forms under this subtitle; or

35               (3) enforce this subtitle.

7

1 14-109.

2 (a) The Commissioner may hold public hearings in connection with an  
3 investigation under this subtitle.

4 (b) Unless otherwise provided in this subtitle or in regulations adopted under it,  
5 the Commissioner shall hold hearings authorized by this subtitle in accordance with Title  
6 10 of the State Government Article.

7 [14-110.

8 (a) The Commissioner may pass a cease and desist order to stop any act or  
9 practice found by the Commissioner to be a violation of this subtitle.

10 (b) Whenever the Commissioner finds that a person has violated or is about to  
11 violate this subtitle or a regulation adopted or order passed under it, the Commissioner  
12 may sue to:

13 (1) enforce this subtitle or the regulation or order; or

14 (2) enjoin the act or practice constituting the violation.

15 (c) (1) On a proper showing, a court may:

16 (i) issue a permanent or preliminary injunction or pass a restraining  
17 order; and

18 (ii) appoint a receiver or conservator for the defendant or the  
19 defendant's assets.

20 (2) The court may not require the Commissioner to post bond.]

21 14-110.

22 (A) (1) WHENEVER THE COMMISSIONER DETERMINES THAT A PERSON HAS  
23 ENGAGED OR IS ABOUT TO ENGAGE IN AN ACT OR PRACTICE THAT CONSTITUTES A  
24 VIOLATION OF THIS SUBTITLE OR A VIOLATION OF A REGULATION ADOPTED OR  
25 ORDER PASSED UNDER THIS SUBTITLE, THE COMMISSIONER MAY, WITHOUT A  
26 PRIOR HEARING, PASS A SUMMARY ORDER DIRECTING THE PERSON TO CEASE AND  
27 DESIST FROM ENGAGING IN THE ACTIVITY THAT CONSTITUTES A VIOLATION.

28 (2) THE SUMMARY ORDER SHALL PROVIDE:

29 (I) NOTICE OF THE OPPORTUNITY FOR A HEARING BEFORE THE  
30 COMMISSIONER TO DETERMINE WHETHER THE CEASE AND DESIST ORDER SHOULD  
31 BE VACATED, MODIFIED, OR ENTERED AS FINAL; AND

32 (II) NOTICE THAT THE COMMISSIONER SHALL ENTER THE ORDER  
33 AS FINAL IF THE PERSON SUBJECT TO THE CEASE AND DESIST ORDER FAILS TO  
34 REQUEST A HEARING WITHIN 15 DAYS AFTER THE RECEIPT OF THE CEASE AND  
35 DESIST ORDER.

36 (3) UNLESS THE PERSON SUBJECT TO THE CEASE AND DESIST ORDER  
37 WAIVES THE RIGHT TO A HEARING, WHENEVER THE COMMISSIONER DETERMINES  
38 AFTER NOTICE AND A HEARING THAT A PERSON HAS ENGAGED IN ANY ACT OR

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1 PRACTICE CONSTITUTING A VIOLATION OF THIS SUBTITLE, THE COMMISSIONER  
2 MAY IN THE DISCRETION OF THE COMMISSIONER AND IN ADDITION TO TAKING ANY  
3 OTHER ACTION AUTHORIZED UNDER THIS SUBTITLE:

4 (I) PASS A FINAL CEASE AND DESIST ORDER AGAINST THE  
5 PERSON;

6 (II) BAR THE PERSON FROM ENGAGING IN THE OFFER AND SALE  
7 OF BUSINESS OPPORTUNITIES IN THE STATE; OR

8 (III) TAKE ANY COMBINATION OF THE ACTIONS SPECIFIED IN THIS  
9 SECTION.

10 (B) THE PERSON SUBJECT TO THE CEASE AND DESIST ORDER MAY WAIVE  
11 THE RIGHT TO A HEARING.

12 (C) (1) WHENEVER THE COMMISSIONER DETERMINES THAT ANY PERSON  
13 HAS ENGAGED IN OR IS ABOUT TO ENGAGE IN AN ACT OR PRACTICE CONSTITUTING  
14 A VIOLATION OF THIS SUBTITLE OR A VIOLATION OF A REGULATION OR ORDER  
15 UNDER THIS SUBTITLE, THE COMMISSIONER MAY SUE IN THE CIRCUIT COURT TO  
16 OBTAIN ONE OR MORE OF THE FOLLOWING REMEDIES:

17 (I) A TEMPORARY RESTRAINING ORDER;

18 (II) A TEMPORARY OR PERMANENT INJUNCTION;

19 (III) A DECLARATORY JUDGMENT;

20 (IV) THE APPOINTMENT OF A RECEIVER OR CONSERVATOR FOR  
21 THE DEFENDANT OR THE DEFENDANT'S ASSETS;

22 (V) A FREEZE OF THE DEFENDANT'S ASSETS;

23 (VI) A CIVIL PENALTY UP TO A MAXIMUM AMOUNT OF \$5,000 FOR  
24 ANY SINGLE VIOLATION OF THIS SUBTITLE;

25 (VII) RESTITUTION;

26 (VIII) RESCISSION; OR

27 (IX) ANY OTHER RELIEF AS THE COURT FINDS JUST.

28 (2) THE COMMISSIONER MAY NOT BE REQUIRED TO POST A BOND IN  
29 ANY ACTION UNDER THIS SECTION.

30 14-111.

31 In connection with a hearing, investigation, or other proceeding under this subtitle,  
32 the Commissioner may:

33 (1) administer oaths;

34 (2) receive evidence; and

35 (3) issue subpoenas for the attendance of witnesses to testify or to produce  
36 evidence.



9

1 14-112.

2 (a) A person is not excused from attending, testifying, or producing evidence  
3 before the Commissioner, in a proceeding brought by the Commissioner, or in obedience  
4 to a subpoena of the Commissioner on the ground that the testimony or evidence may:

5 (1) tend to incriminate the person; or

6 (2) subject the person to a penalty or forfeiture.

7 (b) (1) If a person claims the privilege against self-incrimination as to a specific  
8 subject, and is then compelled to testify or produce evidence on that subject, the person  
9 may not be prosecuted or subjected to a penalty or forfeiture in connection with that  
10 subject.

11 (2) A person who testifies is not exempt from prosecution and punishment  
12 for perjury or contempt committed while testifying.

13 [14-113.

14 Before a seller places an advertisement or makes any other representation about a  
15 business opportunity to a prospective buyer in the State, the seller shall:

16 (1) file with the Commissioner:

17 (i) a copy of the disclosure statement required by this subtitle or the  
18 documents that the Federal Trade Commission requires for sales of business  
19 opportunities; and

20 (ii) if required under § 14-115 of this subtitle, the bond or a copy of  
21 the formal notification from the depository of the establishment of the trust account; and

22 (2) pay a fee of \$250.]

23 14-113.

24 A PERSON MAY NOT SELL OR OFFER TO SELL ANY BUSINESS OPPORTUNITY IN  
25 THE STATE OR TO ANY PROSPECTIVE BUYER IN THE STATE UNLESS THE BUSINESS  
26 OPPORTUNITY IS REGISTERED UNDER THIS SUBTITLE.

27 14-113.1.

28 (A) IN ORDER TO REGISTER A BUSINESS OPPORTUNITY, THE SELLER SHALL  
29 FILE WITH THE COMMISSIONER ONE OF THE FOLLOWING DISCLOSURE DOCUMENTS:

30 (1) A UNIFORM FRANCHISE OFFERING CIRCULAR PREPARED IN  
31 ACCORDANCE WITH THE GUIDELINES ADOPTED BY THE NORTH AMERICAN  
32 SECURITIES ADMINISTRATORS ASSOCIATION, INC., AS AMENDED THROUGH  
33 JANUARY 1, 1996;

34 (2) A DISCLOSURE DOCUMENT PREPARED IN ACCORDANCE WITH THE  
35 FEDERAL TRADE COMMISSION RULE ENTITLED "DISCLOSURE REQUIREMENTS AND  
36 PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY  
37 VENTURES" UNDER 16 C.F.R. § 436 (1979);

10

1 (3) A DISCLOSURE DOCUMENT PREPARED IN ACCORDANCE WITH §  
2 14-114(B) OF THIS SUBTITLE; OR

3 (4) ANY OTHER DOCUMENT THAT THE COMMISSIONER SPECIFIES BY  
4 REGULATION OR ORDER.

5 (B) THE SELLER SHALL ATTACH TO THE DISCLOSURE DOCUMENT FILED IN  
6 ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION:

7 (1) THE COVER SHEET REQUIRED UNDER § 14-114(B) OF THIS SUBTITLE;

8 (2) THE CONSENT TO SERVICE OF PROCESS REQUIRED UNDER  
9 SUBSECTION (C) OF THIS SECTION; AND

10 (3) THE FILING FEE REQUIRED UNDER SUBSECTION (D) OF THIS  
11 SECTION.

12 (C) (1) EVERY SELLER SHALL FILE, IN A FORM THAT THE COMMISSIONER  
13 REQUIRES, AN IRREVOCABLE CONSENT APPOINTING THE COMMISSIONER AS THE  
14 SELLER'S REGISTERED AGENT IN ANY NONCRIMINAL SUIT, ACTION, OR  
15 PROCEEDING AGAINST THE SELLER OR THE SUCCESSOR OR PERSONAL  
16 REPRESENTATIVE OF THE SELLER THAT ARISES UNDER THIS SUBTITLE.

17 (2) AFTER THE CONSENT HAS BEEN FILED, THE CONSENT HAS THE  
18 SAME FORCE AND VALIDITY AS IF SERVED PERSONALLY ON THE PERSON FILING  
19 THE CONSENT.

20 (3) SERVICE MAY BE MADE BY DELIVERING A COPY OF THE PROCESS  
21 TO THE OFFICE OF THE COMMISSIONER.

22 (4) SERVICE MADE UNDER PARAGRAPH (3) OF THIS SUBSECTION IS NOT  
23 EFFECTIVE UNLESS:

24 (I) THE PLAINTIFF OR PETITIONER, WHO MAY BE THE  
25 COMMISSIONER, PROMPTLY SENDS NOTICE OF THE SERVICE AND A COPY OF THE  
26 PROCESS BY REGISTERED OR CERTIFIED MAIL TO THE DEFENDANT OR  
27 RESPONDENT, AT THE ADDRESS ON FILE WITH THE COMMISSIONER; AND

28 (II) THE PLAINTIFF'S AFFIDAVIT OF COMPLIANCE UNDER THIS  
29 SUBSECTION IS FILED IN THE NONCRIMINAL SUIT, ACTION, OR PROCEEDING ON OR  
30 BEFORE THE RETURN DATE OF THE PROCESS, IF ANY, OR WITHIN FURTHER TIME AS  
31 THE COURT ALLOWS.

32 (D) THE INITIAL FEE TO FILE AN APPLICATION TO REGISTER A BUSINESS  
33 OPPORTUNITY OFFERING IS \$250.

34 (E) (1) A BUSINESS OPPORTUNITY OFFERING REGISTRATION BECOMES  
35 EFFECTIVE AT MIDNIGHT ON THE 10TH BUSINESS DAY AFTER THE DAY ON WHICH  
36 THE SELLER FILES ALL REQUIRED DOCUMENTS FOR REGISTRATION, PROVIDED  
37 THAT NO ORDER HAS BEEN PASSED OR PROCEEDING IS PENDING UNDER § 14-119.1  
38 OF THIS SUBTITLE.

39 (2) BY ORDER, THE COMMISSIONER:

11

1 (I) MAY WAIVE OR REDUCE THE TIME PERIOD BETWEEN THE  
2 DATE OF THE FILING AND THE DATE THAT THE REGISTRATION IS EFFECTIVE IF THE  
3 SELLER HAS FILED ALL REQUIRED DOCUMENTS FOR REGISTRATION; OR

4 (II) MAY POSTPONE THE DATE THAT THE REGISTRATION  
5 BECOMES EFFECTIVE AT MIDNIGHT ON THE 10TH BUSINESS DAY AFTER THE DAY ON  
6 WHICH THE SELLER FILES AN AMENDMENT TO THE REGISTRATION.

7 (F) THE REGISTRATION IS EFFECTIVE FOR 1 YEAR FROM THE DATE OF  
8 EFFECTIVENESS.

9 (G) ~~(1) THE REGISTRATION MAY BE RENEWED ANNUALLY UPON THE~~  
10 ~~FILING OF A CURRENT DISCLOSURE DOCUMENT ALONG WITH ANY OTHER~~  
11 ~~DOCUMENTS OR INFORMATION THAT THE COMMISSIONER MAY REQUIRE BY~~  
12 ~~ORDER OR REGULATION.~~

13 ~~(2) IF NOT RENEWED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS~~  
14 ~~SUBSECTION, A REGISTRATION EXPIRES 1 YEAR AFTER THE DAY ON WHICH IT~~  
15 ~~BECOMES EFFECTIVE.~~

16 ~~(H)~~ THE COMMISSIONER MAY BY REGULATION REQUIRE THE FILING OF ALL  
17 PROPOSED LITERATURE OR ADVERTISING PRIOR TO ITS USE.

18 ~~(H)~~ (H) THE COMMISSIONER MAY BY REGULATION REQUIRE THE FILING OF  
19 SALES REPORTS.

20 14-114.

21 (a) [A disclosure statement shall be prepared in the form that the Commissioner  
22 requires.] A PERSON MAY NOT SELL OR OFFER TO SELL A BUSINESS OPPORTUNITY  
23 UNLESS A WRITTEN DISCLOSURE DOCUMENT, FILED UNDER § 14-113.1(A) OF THIS  
24 SUBTITLE, IS DELIVERED TO THE BUYER AT LEAST 10 FULL BUSINESS DAYS BEFORE  
25 THE BUYER EXECUTES A CONTRACT OR AN AGREEMENT THAT IMPOSES A BINDING  
26 LEGAL OBLIGATION ON THE BUYER OR THE PAYMENT BY A BUYER OF ANY  
27 CONSIDERATION IN CONNECTION WITH THE SALE OR OFFER TO SELL A BUSINESS  
28 OPPORTUNITY.

29 (b) The disclosure statement shall include a cover sheet that contains only:

30 (1) a heading, in boldface capital letters in 10-point or larger type, that  
31 states "disclosure required by Maryland law";

32 (2) under the heading, in 10-point or larger type, the following statement:  
33 "The State of Maryland has not reviewed and does not approve, recommend, endorse, or  
34 sponsor any business opportunity. The information in this disclosure statement has not  
35 been verified by the State. If you have any questions about this investment, see an  
36 attorney before you sign a contract or contact the Division of Securities in the Office of  
37 the Attorney General. YOU ARE TO BE GIVEN 10 BUSINESS DAYS TO REVIEW THIS  
38 DOCUMENT BEFORE SIGNING ANY CONTRACT OR AGREEMENT OR MAKING ANY  
39 PAYMENT TO THE SELLER OR THE SELLER'S REPRESENTATIVE."; and

40 (3) the current address and telephone number of the Division of Securities.

12

1 (c) After the cover sheet, the disclosure statement shall include the following  
2 information:

3 (1) the name and address of the seller;

4 (2) whether the seller is doing business as an individual, partnership, or  
5 corporation;

6 (3) the names under which the seller has done, is doing, or intends to do  
7 business;

8 (4) the name of any parent or affiliated company that will engage in business  
9 transactions with buyers or that takes responsibility for statements of the seller;

10 (5) the name, address, and title of each of the seller's officers, directors,  
11 trustees, general partners, general managers, principal executives, and others responsible  
12 for the seller's activities that relate to the sale of business opportunities;

13 (6) [the length of time the seller has sold business opportunities] THE  
14 NAMES AND RESIDENTIAL ADDRESSES OF THE SALESPERSONS WHO ENGAGE IN THE  
15 SALE OR OFFER TO SELL A BUSINESS OPPORTUNITY IN THE STATE;

16 (7) [the length of time the seller has sold business opportunities that  
17 involve the products, equipment, supplies, or services that the seller currently is offering  
18 to the buyer;] PRIOR BUSINESS EXPERIENCE OF THE SELLER RELATING TO BUSINESS  
19 OPPORTUNITIES, INCLUDING:

20 (I) THE NAME, ADDRESS, AND A DESCRIPTION OF ANY BUSINESS  
21 OPPORTUNITY PREVIOUSLY OFFERED BY THE SELLER;

22 (II) THE LENGTH OF TIME THE SELLER HAS OFFERED EACH  
23 BUSINESS OPPORTUNITY; AND

24 (III) THE LENGTH OF TIME THE SELLER HAS CONDUCTED THE  
25 BUSINESS OPPORTUNITY CURRENTLY BEING OFFERED TO THE BUYER;

26 (8) A full and detailed description of the acts and services that the seller  
27 agrees to perform for the buyer;

28 (9) [a copy of a financial statement of the seller that is not more than 13  
29 months old and is updated to reflect any material changes in the seller's financial  
30 condition;

31 (10)] (i) whether the seller OR ANY PERSON DESCRIBED IN PARAGRAPH  
32 (5) OF THIS SUBSECTION has been convicted of a felony, has pleaded nolo contendere to  
33 a felony charge, or has been adjudged liable in a civil action, if the felony or civil action  
34 involved fraud, embezzlement, fraudulent conversion, or misappropriation of property;  
35 and

36 (ii) if so, the court, date of the conviction or the judgment, and any  
37 penalty imposed or damages assessed;

38 [(11)] (10) (i) whether the seller OR ANY PERSON DESCRIBED IN  
39 PARAGRAPH (5) OF THIS SUBSECTION is subject to:

13

1 1. a currently effective order of the Federal Trade Commission;  
2 or

3 2. a currently effective order that enjoins or restricts business  
4 activity as a result of an action brought by a public agency, including an action that affects  
5 a license as a real estate broker, associate real estate broker, or real estate salesperson;  
6 and

7 (ii) if so, the date, nature, and issuer of the order and any penalty  
8 imposed;

9 (11) WHETHER THE SELLER OR ANY PERSON IDENTIFIED IN PARAGRAPH  
10 (5) OF THIS SUBSECTION HAS FILED FOR BANKRUPTCY, BEEN ADJUDGED BANKRUPT,  
11 BEEN REORGANIZED DUE TO INSOLVENCY, OR WAS AN OWNER, PRINCIPAL  
12 OFFICER, OR GENERAL PARTNER OF ANY OTHER PERSON THAT HAS FILED  
13 BANKRUPTCY, BEEN ADJUDGED BANKRUPT, OR WAS REORGANIZED DUE TO  
14 INSOLVENCY DURING OR WITHIN THE LAST 7 YEARS;

15 (12) a copy of the form of agreement proposed;

16 (13) the conditions of any financing arrangement offered directly or  
17 indirectly by the seller or an agent or affiliate of the seller;

18 (14) whether the buyer receives an exclusive territory;

19 (15) a complete description of any training that the seller promises, including  
20 the length of the training;

21 (16) a complete description of:

22 (i) any services that the seller promises will be performed in  
23 connection with the placement of the buyer's products, equipment, or supplies at various  
24 locations; and

25 (ii) the kind of agreement to be made with the owner or manager of  
26 each location;

27 (17) A COMPLETE DESCRIPTION OF ANY LICENSES OR PERMITS THAT  
28 ARE NECESSARY IN ORDER FOR THE BUYER TO OPERATE OR ENGAGE IN THE  
29 BUSINESS OPPORTUNITY;

30 (18) if the seller gets a surety bond under § 14-115 of this subtitle, the  
31 following statement, or a similar statement required by the Commissioner: "As required  
32 by Maryland law, the seller has secured a bond issued by \_\_\_\_\_ (name and address of surety  
33 company), a surety company authorized to do business in the State. Before signing a  
34 contract to buy this business opportunity, you should ask the surety company about the  
35 current status of the bond.";

36 [(18)] (19) if the seller establishes a trust account under §14-115 of this  
37 subtitle, the following statement, or a similar statement required by the Commissioner:  
38 "As required by Maryland law, the seller has established a trust account \_\_\_\_\_ (account  
39 number) with \_\_\_\_\_ (name and address of bank or savings institution). Before signing a

14

1 contract to buy this business opportunity, you should ask the bank or savings institution  
2 about the current status of the trust account.";

3 [(19)] (20) the following statement: "If the seller fails to deliver the  
4 products, equipment, or supplies necessary to begin substantial operation of the business  
5 within 45 days after the delivery date stated in your contract, you may notify the seller in  
6 writing and demand that the contract be canceled."; [and]

7 [(20)] (21) if the seller makes a statement about sales, earnings, or range of  
8 sales or earnings that may be made through the business opportunity, a statement of:

9 (i) the total number of buyers who have bought from the seller, within  
10 3 years before the date of the disclosure statement, business opportunities that involve  
11 the products, equipment, supplies, or services being offered; and

12 (ii) to the seller's knowledge, the total number of those buyers who  
13 have actually received earnings in the amount or range specified;

14 (22) A STATEMENT OF:

15 (I) THE TOTAL NUMBER OF BUSINESS OPPORTUNITIES THAT ARE  
16 THE SAME OR SIMILAR IN NATURE TO THOSE THAT HAVE BEEN SOLD OR  
17 ORGANIZED BY THE SELLER;

18 (II) THE NAMES AND ADDRESSES OF BUYERS WHO HAVE  
19 REQUESTED A REFUND OR RESCISSION FROM THE SELLER WITHIN THE LAST 12  
20 MONTHS AND THE NUMBER OF THOSE BUYERS WHO HAVE RECEIVED THE REFUND  
21 OR RESCISSION; AND

22 (III) THE TOTAL NUMBER OF BUSINESS OPPORTUNITIES THAT THE  
23 SELLER INTENDS TO SELL IN THE STATE WITHIN THE NEXT 12 MONTHS;

24 (23) A COPY OF THE MOST RECENT AUDITED FINANCIAL STATEMENT OF  
25 THE SELLER, PREPARED WITHIN 13 MONTHS AFTER THE DATE OF THE FIRST OFFER  
26 IN THE STATE, TOGETHER WITH A STATEMENT OF ANY MATERIAL CHANGES IN THE  
27 FINANCIAL CONDITION OF THE SELLER FROM THE DATE OF THE MOST RECENT  
28 AUDITED FINANCIAL STATEMENT;

29 (24) A LIST OF STATES IN WHICH THIS BUSINESS OPPORTUNITY IS  
30 REGISTERED;

31 (25) A LIST OF STATES IN WHICH THE DISCLOSURE STATEMENT IS ON  
32 FILE;

33 (26) A LIST OF STATES THAT HAVE DENIED, SUSPENDED, OR REVOKED  
34 THE REGISTRATION OF THIS BUSINESS OPPORTUNITY;

35 (27) A SECTION ENTITLED "RISK FACTORS" CONTAINING A SERIES OF  
36 CONCISE STATEMENTS SUMMARIZING THE PRINCIPAL FACTORS THAT MAKE THIS  
37 BUSINESS OPPORTUNITY A HIGH RISK OR OF A SPECULATIVE NATURE, EACH  
38 STATEMENT INCLUDING A CROSS-REFERENCE TO THE PAGE ON WHICH FURTHER  
39 INFORMATION REGARDING THAT RISK FACTOR MAY BE FOUND IN THE  
40 DISCLOSURE DOCUMENT; AND

15

1 (28) ANY OTHER INFORMATION THAT THE COMMISSIONER REQUIRES  
2 BY REGULATION OR ORDER.

3 14-115.

4 (a) If a seller guarantees that a buyer will derive from a business opportunity  
5 income that will exceed the price paid for the business opportunity or represents that the  
6 seller will refund all or part of the price paid or repurchase the products, equipment, or  
7 supplies sold or leased by the seller if the buyer is not satisfied with the business  
8 opportunity, the seller shall:

9 (1) get a surety bond in favor of the State from a surety company authorized  
10 to do business in the State; or

11 (2) establish a trust account in favor of the State with an insured bank or  
12 savings institution in the State.

13 (b) The amount of the bond or trust account shall be at least \$50,000.

14 (c) (1) A person may bring an action against the bond or trust account to  
15 recover damages resulting from:

16 (i) a violation of this subtitle; or

17 (ii) the seller's breach of the contract for the sale of abusiness  
18 opportunity.

19 (2) The surety or trustee is liable only for actual damages up to the amount  
20 of the bond or trust account.

21 14-116.

22 The seller shall:

23 (1) file with the Commissioner an amendment to the documents previously  
24 submitted to the Commissioner whenever a material change in the required information  
25 occurs; and

26 (2) pay a fee of \$50 for filing the amendment.

27 14-117.

28 ~~The seller shall:~~

29 ~~(1) file annually with the Commissioner a copy of its current disclosure~~  
30 ~~statement and bond or copy of the trust account notification required under § [14-113]~~  
31 ~~14-113.1 of this subtitle; and~~

32 ~~(2) pay an annual renewal fee of \$100.~~

33 (A) UNLESS THE REGISTRATION OF A BUSINESS OPPORTUNITY IS RENEWED  
34 FOR A 1-YEAR TERM AS PROVIDED IN THIS SECTION, THE REGISTRATION EXPIRES  
35 ON THE FIRST ANNIVERSARY OF ITS EFFECTIVE DATE.

36 (B) BEFORE THE REGISTRATION EXPIRES, THE REGISTRANT PERIODICALLY  
37 MAY RENEW IT FOR AN ADDITIONAL 1-YEAR TERM, IF THE REGISTRANT:

16

1 (1) FILES WITH THE COMMISSIONER:

2 (I) A RENEWAL APPLICATION ON THE FORM THAT THE  
3 COMMISSIONER PROVIDES;

4 (II) A CURRENT DISCLOSURE DOCUMENT ALONG WITH ANY  
5 OTHER DOCUMENTS OR INFORMATION THAT THE COMMISSIONER MAY REQUIRE  
6 BY ORDER OR REGULATION; AND

7 (III) PROOF THAT THE SELLER HAS SATISFIED THE BOND AND  
8 TRUST ACCOUNT REQUIREMENTS UNDER § 14-115 OF THIS SUBTITLE; AND

9 (2) PAYS A RENEWAL FEE OF \$100.

10 (C) THE COMMISSIONER SHALL RENEW THE REGISTRATION OF A BUSINESS  
11 OPPORTUNITY IF THE REGISTRANT COMPLIES WITH THE REQUIREMENTS OF THIS  
12 SECTION.

13 ~~14-118.~~

14 ~~The seller shall give a prospective buyer a copy of the disclosure [statement]~~  
15 ~~DOCUMENT required by this subtitle[, or the documents that the Federal Trade~~  
16 ~~Commission requires for sales of business opportunities,] at the earlier of:~~

17 ~~(1) the first personal meeting of the buyer and seller to discuss the possible~~  
18 ~~sale of a business opportunity; or~~

19 ~~(2) 10 business days before the buyer signs a contract for the sale of a~~  
20 ~~business opportunity or pays any consideration to the seller.~~

21 ~~14-119. 14-118.~~

22 (a) Each contract for the sale of a business opportunity shall be in writing.

23 (b) The contract shall include:

24 (1) the terms and conditions of payment;

25 (2) a full and detailed description of the acts or services that the seller  
26 agrees to perform for the buyer;

27 (3) the address of the seller's principal office;

28 (4) the name and address of the seller's resident agent; and

29 (5) the approximate date that the seller will deliver to the buyer any  
30 products, equipment, or supplies.

31 (c) When a buyer signs a contract for the sale of a business opportunity, the seller  
32 shall give the buyer a copy of the contract.

33 ~~14-119.1. 14-119.~~

34 (A) THE COMMISSIONER MAY PASS AN ORDER DENYING EFFECTIVENESS TO,  
35 OR SUSPENDING OR REVOKING THE EFFECTIVENESS OF, ANY REGISTRATION IF THE  
36 COMMISSIONER FINDS THAT THE ORDER IS IN THE PUBLIC INTEREST AND THAT:



17

1 (1) (I) THE REGISTRATION AS OF ITS EFFECTIVE DATE, OR AS OF ANY  
2 EARLIER DATE IN THE CASE OF AN ORDER DENYING EFFECTIVENESS, IS  
3 INCOMPLETE IN ANY MATERIAL RESPECT OR CONTAINS ANY STATEMENT MADE  
4 THAT WAS, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT WAS MADE, FALSE  
5 OR MISLEADING WITH RESPECT TO ANY MATERIAL FACT;

6 (II) AN AMENDMENT AS OF ITS EFFECTIVE DATE IS INCOMPLETE  
7 IN ANY MATERIAL RESPECT OR CONTAINS ANY STATEMENT MADE THAT WAS, IN  
8 LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT WAS MADE, FALSE OR  
9 MISLEADING WITH RESPECT TO ANY MATERIAL FACT; OR

10 (III) A REPORT IS INCOMPLETE IN ANY MATERIAL RESPECT OR  
11 CONTAINS ANY STATEMENT MADE THAT WAS, IN LIGHT OF THE CIRCUMSTANCES  
12 UNDER WHICH IT WAS MADE, FALSE OR MISLEADING WITH RESPECT TO ANY  
13 MATERIAL FACT;

14 (2) ANY PROVISION OF THIS SUBTITLE OR ANY ORDER OR CONDITION  
15 LAWFULLY IMPOSED UNDER THIS SUBTITLE HAS BEEN VIOLATED, IN CONNECTION  
16 WITH THE BUSINESS OPPORTUNITY BY:

17 (I) THE PERSON FILING THE REGISTRATION;

18 (II) A SELLER, ANY PARTNER, OFFICER, OR DIRECTOR OF THE  
19 SELLER, OR ANY PERSON OCCUPYING A SIMILAR STATUS OR PERFORMING SIMILAR  
20 FUNCTIONS AS THE SELLER; OR

21 (III) A PERSON THAT DIRECTLY OR INDIRECTLY CONTROLS OR IS  
22 CONTROLLED BY THE SELLER IF THE PERSON FILING THE REGISTRATION IS  
23 DIRECTLY OR INDIRECTLY CONTROLLED BY OR ACTING FOR THE SELLER;

24 (3) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE  
25 BUSINESS OPPORTUNITY REGISTERED OR SOUGHT TO BE REGISTERED IS THE  
26 SUBJECT OF AN ORDER DENYING, SUSPENDING, OR REVOKING A REGISTRATION OR  
27 A PERMANENT OR TEMPORARY INJUNCTION OF ANY COURT OF COMPETENT  
28 JURISDICTION;

29 (4) THE SELLER'S ENTERPRISE OR METHOD OF BUSINESS, OR THAT OF  
30 THE BUSINESS OPPORTUNITY, INCLUDES OR WOULD INCLUDE ACTIVITIES THAT  
31 ARE ILLEGAL WHERE PERFORMED;

32 (5) THE BUSINESS OPPORTUNITY OR THE OFFERING OF A BUSINESS  
33 OPPORTUNITY HAS WORKED OR TENDED TO WORK A FRAUD UPON PURCHASERS  
34 OR WOULD SO OPERATE;

35 (6) THERE HAS BEEN A FAILURE TO FILE ANY DOCUMENTS OR  
36 INFORMATION REQUIRED BY § 14-113.1; OR

37 (7) THE SELLER'S LITERATURE OR ADVERTISING IS MISLEADING,  
38 INCORRECT, INCOMPLETE, OR DECEPTIVE.

39 (B) (1) THE COMMISSIONER MAY ENTER A DENIAL ORDER IF THE  
40 COMMISSIONER FINDS THAT THE ORDER IS IN THE PUBLIC INTEREST AND THE  
41 SELLER HAS FAILED TO PAY THE PROPER REGISTRATION FEE.

18

1 (2) THE COMMISSIONER SHALL VACATE ANY SUCH ORDER WHEN THE  
2 DEFICIENCY HAS BEEN CORRECTED.

3 (C) THE COMMISSIONER MAY NOT:

4 (1) INSTITUTE A PROCEEDING AGAINST AN EFFECTIVE REGISTRATION  
5 UNDER SUBSECTION (A)(3) OF THIS SECTION MORE THAN 1 YEAR AFTER THE DATE  
6 OF THE ORDER OR INJUNCTION RELIED ON; OR

7 (2) PASS AN ORDER UNDER SUBSECTION (A)(3) OF THIS SECTION ON  
8 THE BASIS OF AN ORDER OR INJUNCTION ENTERED UNDER ANY OTHER STATE ACT  
9 UNLESS THAT ORDER OR INJUNCTION WAS BASED ON FACTS WHICH WOULD  
10 CURRENTLY CONSTITUTE GROUNDS FOR AN ORDER UNDER THIS SECTION.

11 (D) BY ORDER, THE COMMISSIONER SUMMARILY MAY POSTPONE OR  
12 SUSPEND THE EFFECTIVENESS OF THE REGISTRATION PENDING FINAL  
13 DETERMINATION OF ANY PROCEEDING UNDER THIS SECTION.

14 (E) UPON THE ENTRY OF THE ORDER, THE COMMISSIONER SHALL PROMPTLY  
15 NOTIFY THE SELLER:

16 (1) THAT THE ORDER HAS BEEN ENTERED;

17 (2) THE BASIS FOR THE ORDER; AND

18 (3) THAT WITHIN 15 DAYS AFTER THE DAY ON WHICH THE  
19 COMMISSIONER RECEIVES A WRITTEN REQUEST BY THE SELLER, THE MATTER WILL  
20 BE SET DOWN FOR A HEARING.

21 (F) IF THE SELLER FAILS TO REQUEST A HEARING AND THE COMMISSIONER  
22 FAILS TO ORDER A HEARING, THE ORDER SHALL REMAIN IN EFFECT UNTIL THE  
23 COMMISSIONER MODIFIES OR VACATES THE ORDER.

24 (G) IF THE SELLER REQUESTS A HEARING OR THE COMMISSIONER ORDERS A  
25 HEARING, THE COMMISSIONER, AFTER PROVIDING NOTICE OF AN OPPORTUNITY  
26 FOR HEARING TO THE SELLER, MAY MODIFY OR VACATE THE ORDER OR EXTEND IT  
27 UNTIL FINAL DETERMINATION.

28 (H) THE COMMISSIONER MAY NOT ENTER AN ORDER DESCRIBED UNDER  
29 SUBSECTION (B) OF THIS SECTION WITHOUT FIRST PROVIDING TO THE SELLER  
30 NOTICE IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION, AN OPPORTUNITY  
31 FOR HEARING, AND WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW.

32 (I) IF THE COMMISSIONER FINDS THAT THE CONDITIONS WHICH PROMPTED  
33 ITS ENTRY HAVE CHANGED OR THAT IT IS OTHERWISE IN THE PUBLIC INTEREST,  
34 THE COMMISSIONER MAY VACATE OR MODIFY AN ORDER PASSED UNDER THIS  
35 SECTION.

36 14-120.

37 In connection with an offer to sell or sale of a business opportunity, a person may  
38 not make any untrue statement of a material fact or omit to state a material fact necessary  
39 in order to make the statement made, in light of the circumstances under which it is  
40 made, not misleading.

19

1 14-121.

2 In connection with an offer to sell or sale of a business opportunity, a person may  
3 not engage in any act, practice, or course of business or employ any device, scheme, or  
4 artifice to defraud that operates or would operate as a fraud or deceit on another person.

5 14-122.

6 In connection with an offer to sell or sale of a business opportunity, a person may  
7 not represent that the business opportunity provides income or earning potential of any  
8 kind unless:

9 (1) the seller has documentation to substantiate the representation; and

10 (2) the person discloses the documentation to the prospective buyer when  
11 the representation is made.

12 14-123.

13 In connection with an offer to sell or sale of a business opportunity, a person may  
14 not use the trademark, service mark, trade name, logotype, advertising, or other  
15 commercial symbol of a business unless:

16 (1) the business controls the ownership interest in the seller;

17 (2) the business accepts responsibility for each representation that the seller  
18 makes about the business opportunity; or

19 (3) it is clear from the circumstances that the owner of the commercial  
20 symbol is not involved in the sale of the business opportunity.

21 14-124.

22 In connection with an offer to sell or sale of a business opportunity, a person may  
23 not make or authorize making a reference to compliance with this subtitle in an  
24 advertisement or other contact with prospective buyers other than by use of the disclosure  
25 statement or other disclosure documents required by this subtitle.

26 14-125.

27 (a) In connection with an offer to sell or sale of a business opportunity, a person  
28 may not fail to deliver products, equipment, or supplies necessary to begin substantial  
29 operation of the business within 45 days after the delivery date stated in the contract for  
30 the sale of the business opportunity.

31 (b) This section does not apply if the Commissioner or a court in a civil  
32 proceeding finds that the failure is due to the conditions stated in § 2-615 of the  
33 Commercial Law Article.

34 14-126.

35 (a) (1) If a seller violates a provision of §§ 14-120 through 14-125 of this  
36 subtitle, the buyer, within 1 year after the date of a contract for the sale of a business  
37 opportunity:

38 (i) may void the contract; and

20

1 (ii) is entitled to receive from the seller a refund of any money paid to  
2 the seller.

3 (2) On receipt of the refund, the buyer shall make available to the seller any  
4 products, equipment, or supplies received from the seller at:

5 (i) the buyer's address; or

6 (ii) the place where the products, equipment, or supplies were located  
7 when notice to void the contract was given.

8 (3) However, the buyer may not be unjustly enriched by exercising a remedy  
9 under this subsection.

10 (b) A buyer may sue for damages, including reasonable attorney's fees, if the  
11 buyer is injured by:

12 (1) a violation of this subtitle; or

13 (2) the seller's breach of a contract for the sale of a business opportunity.

14 (c) On complaint that a seller has violated this subtitle, the circuit court may  
15 enjoin the seller from further violation.

16 (d) The remedies in this section are in addition to any other remedy provided by  
17 law or in equity.

18 14-127.

19 (a) A person who sells a business opportunity may not, in a disclosure statement  
20 or amendment to it, willfully make a false or misleading statement of a material fact or  
21 willfully omit to state a material fact required or necessary to make the statements in a  
22 disclosure statement not misleading.

23 (b) A person who violates this section is guilty of a felony and, on conviction, is  
24 subject for each violation to a fine not exceeding \$10,000 or imprisonment not exceeding  
25 5 years or both.

26 14-128.

27 A person who violates this subtitle is guilty of a misdemeanor and, unless another  
28 criminal penalty is specifically provided elsewhere, on conviction, is subject to a fine not  
29 exceeding \$1,000 or imprisonment not exceeding 1 year or both.

30 14-129.

31 This subtitle is the Maryland Business Opportunity Sales Act.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 October 1, 1996.

