

# HOUSE BILL 1202

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0lr3271

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By: **Delegate Stein**

Introduced and read first time: February 18, 2010

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Franchises – Copies of Documents to Franchisees**

3 FOR the purpose of prohibiting a franchisor from selling a franchise in the State  
4 without first giving a prospective franchisee a copy of the offering prospectus  
5 and a copy of each proposed agreement that relates to the sale of the franchise  
6 at the earlier of: a certain period of time before the execution of a certain  
7 binding agreement, a certain period of time before payment of certain  
8 consideration, or at the prospective franchisee's reasonable request to receive a  
9 copy of the offering prospectus; and generally relating to providing copies of  
10 certain documents to franchisees.

11 BY repealing and reenacting, with amendments,  
12 Article – Business Regulation  
13 Section 14–223  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2009 Supplement)

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

18 **Article – Business Regulation**

19 14–223.

20 A franchisor may not sell a franchise in the State without first giving a  
21 prospective franchisee a copy of the offering prospectus and a copy of each proposed  
22 agreement that relates to the sale of the franchise at the earlier of:

23 (1) [the first personal meeting of the franchisor and] **14 CALENDAR**  
24 **DAYS BEFORE THE EXECUTION BY** the prospective franchisee [to discuss the possible  
25 sale of the franchise; or] **OF ANY BINDING AGREEMENT WITH THE FRANCHISOR;**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (2)    [10 business days before the execution of a contract or] 14  
2 CALENDAR DAYS BEFORE payment of any consideration that relates to the franchise  
3 relationship; OR

4                   (3)    A REASONABLE REQUEST BY A PROSPECTIVE FRANCHISEE TO  
5 RECEIVE A COPY OF THE OFFERING PROSPECTUS.

6                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2010.