

STATE LAWS AND DISCLOSURE

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STATE LAWS AND DISCLOSURE

- **Franchising is Thought of as a
“Federal Thang”**

- **FTC RULE**

- » If you are a franchise (i.e., trademark, system and fee of \$500 within 6 months) you need an Franchise Disclosure Document (FDD)
 - » If you are not a franchise, you may still need a Federal business opportunity disclosure

STATE LAWS AND DISCLOSURE

■ Under FTC Rule

- FDD
- Presented 14 days before prospect signs or pays money
- Waiting period of 7 days after unilateral material changes
- 7 day waiting period does not apply to negotiated changes

STATE LAWS AND DISCLOSURE

■ Federally Compliant FDD Only:

- | | |
|-------------------|-------------------|
| 1. Alabama | 14. Montana |
| 2. Alaska | 15. Nevada |
| 3. Arizona | 16. New Hampshire |
| 4. Arkansas | 17. New Jersey |
| 5. Colorado | 18. New Mexico |
| 6. Delaware | 19. Ohio |
| 7. Idaho | 20. Oklahoma |
| 8. Iowa | 21. Oregon |
| 9. Kansas | 22. Pennsylvania |
| 10. Louisiana | 23. Tennessee |
| 11. Massachusetts | 24. Vermont |
| 12. Mississippi | 25. West Virginia |
| 13. Missouri | 26. Wyoming |

STATE LAWS AND DISCLOSURES

- **Federally Compliant FDD and Federal or State Trademark Registration**
 - **Georgia**
 - **South Carolina**

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- **Federally Compliant FDD and Federal or Trademark Registration**
 - **Connecticut**
 - **Maine**

STATE LAWS AND DISCLOSURES

- **Federally Compliant FDD and Notice Filing (No Review)**
 - Florida
 - Kentucky
 - Nebraska
 - North Carolina
 - Texas
 - Utah

STATE LAWS AND DISCLOSURES

- **Federally Compliant FDD and Formal Registration (But No Review)**

- Indiana
- Michigan
- Wisconsin

STATE LAWS AND DISCLOSURES

■ Federally Compliant FDD and Formal Registration (With Review)

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|---------------|-----------------|
| 1. California | 7. North Dakota |
| 2. Hawaii | 8. Rhode Island |
| 3. Illinois | 9. South Dakota |
| 4. Maryland | 10. Virginia |
| 5. Minnesota | 11. Washington |
| 6. New York | |

STATE LAWS AND DISCLOSURES

■ It's a Constitutional “Thang”

- States Can Be Tougher Than the FEDS
 - Different definitions (e.g., CA)
 - Broker registration (NY and Washington)
 - Advertising registration (NY, CA, MD, MN, ND, RI, WA)
 - Deferral or Escrow of Fees
 - More onerous waiting periods (CT, IN, MI, WA, MD, NY, OK and RI)
 - Different Franchise and Biz Op Laws
 - Different Consumer and Other Fraud Laws
 - Different modification laws (e.g., CA)
 - Different other laws (e.g., CA)

CONTACT INFORMATION

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Thank You