



MEMO

TO Sabrina Wall

FROM Marilyn E. Nathanson

DATE June 30, 2020

SUBJECT New York Broker Registration

Section 681.8 of the New York Franchise Law: *Franchise sales agent" means a person who directly or indirectly engages in the offer or sale of any franchise on behalf of another.*

Section 683.13. of the New York Franchise Law: *A person shall not offer to sell or sell a franchise in this state on behalf of a franchisor or subfranchisor, except in transactions exempted under this article, unless the franchisor or subfranchisor and the person file a franchise agent's application with the department of law on the form prescribed by the department, and the department issues an order of registration for such person.*

Section 200.11 of the New York Regulations state:

(a) In compliance with section 683.13 of the General Business Law, all persons acting as franchise sales agents as defined in General Business Law section 681.8 in the offer for sale or sale of a franchise shall file a Sales Agent Disclosure Form (UFRA-E) with New York State Department of Law. The Department shall issue an order of registration upon the receipt of a properly executed application and no offer for sale or sale of a franchise shall be made by a franchise sales agent until said registration order has been issued.

Under the New York law, a franchise broker need only file once. However, there is a requirement to amend the filing if the following changes occur:

1) Name. The change in name of registrant (in the event the registrant incorporates, an entirely new registration statement must be filed).

(2) Address. Change of business address and addresses of new branch offices in New York.

(3) Management. Changes in the officers, directors, general partners or other principals of the registrant, giving the new names and addresses involved in such changes.

(4) Litigation. Upon each occasion when the registrant becomes the subject of any criminal action, or is convicted of any misdemeanor or felony, is the subject of any injunction or cease and desist order relating to

the offer or sale of securities or franchises or is the subject of a money judgment or injunction in a civil action involving fraud, embezzlement, fraudulent conversion or misappropriation of property

A franchise broker who wants to sell franchises in New York should be registered. The registration process can be completed online and there is a \$150 filing fee.

The website with the forms and instructions is as follows:

<https://ag.ny.gov/sites/default/files/form-i-franchise-broker-registration.pdf>