

2860.4300 PROHIBITED PRACTICES.

Subpart 1. **Pyramid or chain.** No person may promote, offer, or grant participation in a chain distributor scheme, multilevel distribution scheme, or pyramid sales scheme as defined by Minnesota law.

Subp. 2. **Prohibited statements.** No person may make or cause to be made any statement or representation that:

A. other individuals are willing to enter into a franchise agreement substantially similar to that being offered, granted, or sold without, at the same time, disclosing in writing the source of such information and the names, addresses, and telephone numbers of such individuals;

B. the state of Minnesota or its agents or employees have approved or endorsed the franchise or the franchisor, found the contents of any advertising is true and not misleading, or determined that the promotion, advertisement, offer, grant, or sale of the franchise complies with the applicable laws unless such is accomplished by a showing of an official record, to wit: an order of registration; or

C. execution of any document in connection with the offer, grant, or sale of a franchise constitutes only an application for such franchise when, in fact, execution of the subject document or documents creates a binding obligation.

Statutory Authority: *MS s 80C.18*

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