

CHAPTER 80C

FRANCHISES

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The registration requirement imposed by section 80C.02 shall not apply to the following provided that the method of offer or sale is not used for the purpose of evading sections 80C.01 to 80C.22:

(a) the offer or sale by a franchisee of a franchise owned by him, or the offer or sale by a subfranchisor of the entire area franchise owned by him if the sale is not effected by or through a franchisor; provided, however, that no person shall make more than one sale during any period of 12 consecutive months of a franchise or area franchise granted by a single franchisor. A sale is not effected by or through a franchisor merely because a franchisor has a right to approve or disapprove a different franchisee;

(b) any transaction by an executor, administrator, sheriff, receiver, trustee in bankruptcy, guardian or conservator;

(c) any offer or sale to a banking organization, financial organization or life insurance corporation within the meanings given these terms by section 345.31;

(d) securities currently registered in this state pursuant to chapter 80A;

(e) the offer or sale of a franchise, not including an area franchise, provided that:

(1) the franchisor shall make no more than one sale of a franchise pursuant to this exemption during any period of 12 consecutive months;

(2) the franchisor has not advertised the franchise for sale to the general public in newspapers or other publications of general circulation or otherwise by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone;

(3) the franchisor deposits all franchisee fees within two days of receipt in an escrow account until all obligations of the franchisor to the franchisee which are, pursuant to the terms of the franchise agreement, to be performed prior to the opening of the franchise, have been performed. The franchisor shall provide the franchisee with a purchase receipt for the franchise fees paid, a copy of the escrow agreement and the name, address and telephone number of the escrow agent. The escrow agent shall be a bank located in Minnesota. Upon a showing of good cause the commissioner may waive the escrow of franchise fees; and

(4) the franchisor has provided to the commissioner, no later than ten business days prior to the sale, a written notice of its intention to offer or sell a franchise pursuant to this exemption.

(f) the offer or sale of a fractional franchise;

(g) any transaction which the commissioner by rule or order exempts as not being within the purposes of this chapter and the registration of which he or she finds is not necessary or appropriate in the public interest or for the protection of investors; and

(h) the offer or sale of a franchise to a resident of a foreign state, territory, or country who is neither domiciled in this state nor actually present in this state, if the franchise business is not to be operated wholly or partly in this state, and if the sale

of this franchise is not in violation of any law of the foreign state, territory, or county concerned.

History: *1985 c 251 s 5*