

May 26, 2010

H 2036. NC FRANCHISEE PROTECTION ACT. Filed 5/25/10. *TO ENACT THE NORTH CAROLINA FRANCHISEE AND BUSINESS OPPORTUNITY PURCHASERS PROTECTION ACT.*

Rewrites Article 19 of GS Chapter 66 to make it applicable to both business opportunity and franchise sales. Provides detailed definitions of both business opportunity and franchises. Retains most substantive provisions of current law. Exempts from Chapter's coverage any franchise excluded from Federal Trade Commission's regulations or any business opportunity excluded from commission's regulations. Provides that business opportunity disclosures are due at earlier of the time "for making disclosures or at the first personal meeting" of a seller and purchaser, and in addition to including items specified in both current law and the amended bill, must contain disclosures required by FTC regulations. Provides that disclosures for franchise sales must be at least fourteen days before signing an agreement and must be consistent with FTC regulations. Requires bonds now required of business opportunity sellers to also be posted by franchise sellers. Requires filings now required by secretary of state by business opportunity sellers to also be made by franchise sellers. Prohibits acts that are prohibited by FTC regulations and requires franchise contracts to be in writing. Makes clear that remedies under act are available to purchasers of business opportunity or franchisee or potential purchaser. Effective October 1, 2010.

Intro. by McCormick.

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