

Act No. 213  
Public Act of 1989  
November 14, 1989  
Filed by the Secretary of State  
November 14, 1989

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1989**

Introduced by Reps. Middaugh, Stacey, Bennett, Alley and Gnodtke

# **ENROLLED HOUSE BILL No. 4888**

AN ACT to amend section 7a of Act No. 269 of the Public Acts of 1974, entitled as amended "An act to regulate the offer, sale, and purchase of franchises; to prohibit fraudulent practices in relation thereto; to prohibit pyramid and chain promotions; to impose regulatory duties upon certain state departments and agencies; and to provide penalties," as added by Act No. 92 of the Public Acts of 1984, being section 445.1507a of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 7a of Act No. 269 of the Public Acts of 1974, as added by Act No. 92 of the Public Acts of 1984, being section 445.1507a of the Michigan Compiled Laws, is amended to read as follows:

Sec. 7a. (1) Prior to offering for sale or selling a franchise in this state, a person annually shall file a notice with the department along with the fee required in section 40. The form of the notice shall be prescribed by the department and shall require only the name of the franchisor; the name under which the franchisor intends to do business; and the franchisor's principal business address.

(2) Upon receipt of a notice, the department shall indorse upon the notice the word "filed" and the date, and shall return the copy to the person who filed the notice. The notice shall be effective for a period of 1 year from the date of filing.

(3) Upon compliance with this section and the other requirements of this act, a person may lawfully offer and sell a franchise in this state.

(4) Failure to file the notice required in subsection (1) shall be punishable by a civil fine of not more than \$100.00 for the first day a franchise is offered and each following day until the notice is filed.

(5) A franchisor with an effective registration or exemption from registration on June 20, 1984 shall be considered to have filed the notice required under this section and, upon compliance with the other requirements of this act, may lawfully offer and sell a franchise in this state. A franchisor described in this subsection shall file annually the notice required in subsection (1) at the time prior to June 20, 1984 the franchisor was required to file its registration renewal statement.

(6) Franchise documents containing provisions that were lawful before June 20, 1984, which documents contain provisions made void and unenforceable under section 27, shall be valid and enforceable until the first annual filing by the franchisor after June 20, 1984.

(7) Within 60 days of the date a franchisor is required to file his or her notice as provided in subsection (1), the department shall notify in writing the franchisor of the date by which the notice must be filed and the penalties for failure to file.

(8) Failure by the department to notify the franchisor as required by subsection (7) shall not relieve the franchisor from the requirement of complying with all of the provisions of this act.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Goyernor.