

HOUSE BILL No. 4888

June 7, 1989, Introduced by Reps. Middaugh, Stacey, Bennett, Alley and Gnodtke and referred to the Committee on Corporations and Finance.

A bill to amend section 7a of Act No. 269 of the Public Acts of 1974, entitled as amended

"Franchise investment law,"

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:

1 Section 1. Section 7a of Act No. 269 of the Public Acts of
2 1974, as added by Act No. 92 of the Public Acts of 1984, being
3 section 445.1507a of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 7a. (1) Prior to offering for sale or selling a fran-
6 chise in this state, a person annually shall file a notice with
7 the department along with the fee required in section 40. The
8 form of the notice shall be prescribed by the department and
9 shall require only the name of the franchisor; the name under

1 which the franchisor intends to do business; and the franchisor's
2 principal business address.

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

7 (3) Upon compliance with this section and the other require-
8 ments of this act, a person may lawfully offer and sell a fran-
9 chise in this state.

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

14 (5) A franchisor with an effective registration or exemption
15 from registration on ~~the date this section becomes effective~~
16 JUNE 20, 1984 shall be considered to have filed the notice
17 required under this section and, upon compliance with the other
18 requirements of this act, may lawfully offer and sell a franchise
19 in this state. A franchisor described in this subsection shall
20 file ANNUALLY the notice required in subsection (1) at the time
21 ~~for filing the~~ PRIOR TO JUNE 20, 1984 THE FRANCHISOR WAS
22 REQUIRED TO FILE ITS registration renewal statement. ~~under sec-~~
23 ~~tion 18, or 1 year after the effective date of this section,~~
24 ~~whichever is earlier.~~

25 (6) Franchise documents containing provisions that were
26 lawful before ~~the effective date of this section~~ JUNE 20, 1984,
27 which documents contain provisions made void and unenforceable

1 under section 27, shall be valid and enforceable until the first
2 annual filing by the franchisor after ~~the effective date of this~~
3 ~~section~~ JUNE 20, 1984.

4 (7) WITHIN 60 DAYS OF THE DATE A FRANCHISOR IS REQUIRED TO
5 FILE HIS OR HER NOTICE AS PROVIDED IN SUBSECTION (1), THE DEPART-
6 MENT SHALL NOTIFY IN WRITING THE FRANCHISOR OF THE DATE BY WHICH
7 THE NOTICE MUST BE FILED AND THE PENALTIES FOR FAILURE TO FILE.

8 (8) FAILURE BY THE DEPARTMENT TO NOTIFY THE FRANCHISOR AS
9 REQUIRED BY SUBSECTION (7) SHALL NOT RELIEVE THE FRANCHISOR FROM
10 THE REQUIREMENT OF COMPLYING WITH ALL OF THE PROVISIONS OF THIS
11 ACT.