

**367.805 Registration of persons engaged in sale of business opportunities --
Authority for administrative regulations.**

- (1) It is unlawful for any person to engage in the sale of business opportunities unless prior to the offering the offeror has registered with the division and has furnished a bond pursuant to KRS 367.815(2) and provided all of the following:
 - (a) All trade names, assumed names, and all trademarks by which the offeror or the prospective consumer/investor of the business opportunity will be doing business.
 - (b) The names, home addresses, and home telephone numbers of the persons and company offering the business opportunity, and the company's directors and chief executive officers, and the names, home addresses, and home telephone numbers of all representatives selling business opportunities in Kentucky.
 - (c) A statement as to the length of time the person and company offering the business opportunity has conducted a business of the type being offered both within and without Kentucky.
 - (d) A statement as to whether the person or company offering the business opportunity or any of its directors or chief executive officers or sales representatives operating in Kentucky is currently involved in litigation or has been held liable in a civil action by final judgment for having engaged in unfair, false, misleading, or deceptive practices or is currently charged with or has been convicted of or pleaded nolo contendere to a felony involving fraud, embezzlement, fraudulent conversion, or misappropriation of property during the most recent seven (7) year period, or has entered into any agreed settlements or is currently in any bankruptcy proceeding or has been declared bankrupt in any judicial proceeding during the most recent seven (7) year period.
 - (e) A statement as to whether the person or the company offering the business opportunity or its officers, directors, or agents making the offering of the business opportunity has been a party to any legal cause of action brought by a consumer/investor of the business opportunity within the last seven (7) year period and, if so, the name and address of such individual who has brought the legal action.
 - (f) A statement disclosing the names, addresses, and telephone numbers of all persons who have been sold a business opportunity by the offeror within the last two (2) year period.
 - (g) A statement listing the names and addresses of any consumer/investor who has requested within the preceding three (3) years that the offeror return his money.
 - (h) A current audited financial statement of the offeror.
 - (i) A specimen of each contract proposed for use in connection with the business opportunity.
 - (j) A full and detailed description of the actual services that the offeror of the business opportunity undertakes to perform for the consumer/investor.

- (k) If training is promised by the offeror, a complete description of the training, including length of the training and costs.
- (2) The offeror shall immediately notify the division of any material change in information contained in the application for registration and shall make appropriate amendment of the disclosure statement.
- (3) The division shall collect, from any offeror required to comply with this section, an initial fee of one hundred fifty dollars (\$150), and an annual renewal fee of fifty dollars (\$50), and an update fee of twenty-five dollars (\$25) for the administration and enforcement of KRS 367.801 to 367.819. Funds so collected shall be credited to a trust or agency account for the administrative purpose of the Attorney General's office, Division of Consumer Protection.
- (4) The Attorney General may promulgate administrative regulations as needed to provide for: a hearing, to be conducted in accordance with KRS Chapter 13B, for any business opportunity which the Attorney General initially determines should not be registered or should have registration revoked or suspended; for the establishment of specific standards for the form and content of the disclosure document; and for registration procedures including fee schedules.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 318, sec. 350, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 165, sec. 26, effective July 15, 1994; and ch. 329, sec. 2, effective July 15, 1994. -- Created 1978 Ky. Acts ch. 315, sec. 3, effective June 17, 1978.

Legislative Research Commission Note (7/15/94). This section was amended by 1994 Ky. Acts chs. 165 and 329 which are in conflict. Under KRS 446.250, Acts ch. 329, which was last enacted by the General Assembly, prevails.