



General Assembly

January Session, 2009

Raised Bill No. 6232

LCO No. 2436

02436 _____ BA_

Referred to Committee on Banks

Introduced by:

(BA)

**AN ACT CONCERNING THE CONNECTICUT BUSINESS
OPPORTUNITY INVESTMENT ACT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36b-61 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 When used in sections 36b-60 to 36b-80, inclusive, as amended by
4 this act, unless the context otherwise requires:

5 (1) "Affiliate" means a person that: (A) Directly or indirectly
6 controls, is controlled by, or is under common control with, a seller; (B)
7 directly or indirectly owns, controls or holds with power to vote, ten
8 per cent or more of the outstanding voting securities of a seller; or (C)
9 has, in common with a seller, one or more partners, officers, directors,
10 trustees, branch managers or other persons occupying similar status or
11 performing similar functions;

12 (2) "Business opportunity" means the sale or lease, or offer for sale
13 or lease, of any product, equipment, supply or service which is sold or
14 offered for sale to the purchaser-investor for the purpose of enabling

15 the purchaser-investor to start a business, and in which the seller
16 represents that: (A) The seller will provide locations or assist the
17 purchaser-investor in finding locations for the use or operation of
18 vending machines, racks, display cases or other similar devices, or
19 currency-operated amusement machines or devices, or any other
20 devices within the intent of sections 36b-60 to 36b-80, inclusive, as
21 amended by this act, as the commissioner shall by regulation or order
22 determine, on premises neither owned nor leased by the purchaser-
23 investor or seller; or (B) the seller will purchase any or all products
24 made, produced, fabricated, grown, bred or modified by the
25 purchaser-investor using, in whole or in part, the supplies, services or
26 chattels sold to the purchaser-investor; or (C) the seller guarantees,
27 either conditionally or unconditionally, that the purchaser-investor
28 will derive income from the business opportunity, or that the seller
29 will refund all or part of the price paid for the business opportunity or
30 repurchase any of the products, equipment, supplies or chattels
31 supplied by the seller, if the purchaser-investor is unsatisfied with the
32 business opportunity; or (D) the seller will provide a sales program or
33 marketing program to the purchaser-investor, as provided in sections
34 36b-60 to 36b-80, inclusive, as amended by this act, shall not apply to
35 the sale of a marketing program made in conjunction with the
36 licensing of a registered trademark or service mark, provided (i) such
37 trademark or service mark has been effectively registered under
38 federal law; and (ii) for such trademark or service mark initially
39 registered under federal law on or after October 1, 1996, the seller files
40 with the commissioner a copy of the trademark or service mark
41 certificate prior to any offer or sale in the state, provided further that
42 failure to file such certificate shall not, in and of itself, preclude
43 reliance on this exclusion. "Business opportunity" does not include the
44 sale of an ongoing business where the owner of that business sells and
45 intends to sell only that one business opportunity, nor does it include
46 the not-for-profit sale of sales demonstration equipment, materials or
47 samples, for a total price of five hundred dollars or less to any one
48 person;

49 [(1)] (3) "Commissioner" means the Banking Commissioner or any
50 person appointed or designated by the Banking Commissioner to
51 administer said sections; [.]

52 (4) "Not-for-profit sale" means a sale in which the seller recovers
53 only the actual costs of producing and shipping the goods or materials
54 sold. A sale shall not qualify as a not for profit sale if the price to the
55 purchaser-investor includes any commissions, rebates, fees or
56 overrides;

57 [(2)] (5) "Person" means an individual, corporation, limited liability
58 company, trust, partnership, incorporated or unincorporated
59 association or any other legal entity; [.]

60 [(3)] (6) "Purchaser-investor" means a person who has purchased or
61 is solicited for the purchase of a business opportunity; [.]

62 (7) (A) "Sale" or "sell" includes every contract of sale of, contract to
63 sell, or disposition of a business opportunity or interest in a business
64 opportunity for value.

65 (B) "Offer" or "offer to sell" includes every attempt or offer to
66 dispose of, or solicitation of an offer to buy, a business opportunity or
67 interest in a business opportunity for value. Nothing in this
68 subdivision shall limit or diminish the full meaning of the terms "sale",
69 "sell", "offer" or "offer to sell" as construed by the courts of this state;

70 [(4)] (8) "Seller" means a person who [is engaged in the business of
71 selling or offering for sale] sells or offers to sell a business
72 [opportunities] opportunity or any agent or [representative] person
73 who, directly or indirectly, acts on behalf of such person and; [.]

74 [(5)] (A) "Sale" or "sell" includes every contract of sale of, contract to
75 sell, or disposition of a business opportunity or interest in a business
76 opportunity for value. (B) "Offer" or "offer to sell" includes every
77 attempt or offer to dispose of, or solicitation of an offer to buy, a
78 business opportunity or interest in a business opportunity for value.

79 Nothing in this subdivision shall limit or diminish the full meaning of
80 the terms "sale", "sell", "offer" or "offer to sell" as construed by the
81 courts of this state.

82 (6) "Business opportunity" means the sale or lease, or offer for sale
83 or lease of any products, equipment, supplies or services which are
84 sold or offered for sale to the purchaser-investor for the purpose of
85 enabling the purchaser-investor to start a business, and in which the
86 seller represents (A) that the seller will provide locations or assist the
87 purchaser-investor in finding locations for the use or operation of
88 vending machines, racks, display cases or other similar devices, or
89 currency-operated amusement machines or devices, or any other
90 devices within the intent of sections 36b-60 to 36b-80, inclusive, as the
91 commissioner shall by regulation or order determine, on premises
92 neither owned nor leased by the purchaser-investor or seller; or (B)
93 that the seller will purchase any or all products made, produced,
94 fabricated, grown, bred or modified by the purchaser-investor using in
95 whole or in part, the supplies, services or chattels sold to the
96 purchaser-investor; or (C) that the seller guarantees, either
97 conditionally or unconditionally, that the purchaser-investor will
98 derive income from the business opportunity; or that the seller will
99 refund all or part of the price paid for the business opportunity, or
100 repurchase any of the products, equipment, supplies or chattels
101 supplied by the seller, if the purchaser-investor is unsatisfied with the
102 business opportunity; or (D) that the seller will provide a sales
103 program or marketing program to the purchaser-investor, provided
104 sections 36b-60 to 36b-80, inclusive, shall not apply to the sale of a
105 marketing program made in conjunction with the licensing of a
106 registered trademark or service mark, provided (i) such trademark or
107 service mark has been effectively registered under federal law; and (ii)
108 for such trademark or service mark initially registered under federal
109 law on or after October 1, 1996, the seller files with the commissioner a
110 copy of the trademark or service mark certificate prior to any offer or
111 sale in Connecticut, provided further that failure to file such certificate
112 shall not, in and of itself, preclude reliance on this exclusion. "Business

113 opportunity" does not include the sale of an ongoing business where
114 the owner of that business sells and intends to sell only that one
115 business opportunity; nor does it include the not for profit sale of sales
116 demonstration equipment, materials or samples, for a total price of five
117 hundred dollars or less to any one person.

118 (7) "Not for profit sale" means a sale in which the seller recovers
119 only the actual costs of producing and shipping the goods or materials
120 sold. A sale shall not qualify as a not for profit sale if the price to the
121 purchaser-investor includes any commissions, rebates, fees or
122 overrides.]

123 [(8)] (9) "Trademark" or "service mark" includes [trademarks, trade
124 names, service marks, logotypes] a trademark, trade name, service
125 mark, logotype, advertising or other commercial [symbols] symbol.

126 Sec. 2. Section 36b-62 of the general statutes is repealed and the
127 following is substituted in lieu thereof (*Effective October 1, 2009*):

128 (a) No person shall sell or offer a business opportunity in this state
129 unless it is registered under this section or is exempt from registration
130 under section 36b-65, as amended by this act.

131 [(a)] (b) Prior to the sale or offer for sale of a business opportunity
132 the seller shall register [said] the business opportunity with the
133 commissioner by filing with the commissioner:

134 (1) [Filing a] A copy of the disclosure [statement] required by
135 section 36b-63, as amended by this act;

136 (2) [furnishing a] A bond [in accordance with the provisions of] as
137 required by section 36b-64, as amended by this act;

138 [(3)] providing a sworn to and certified statement containing the
139 information required by section 36b-65;]

140 [(4)] providing the commissioner in] (3) In accordance with

141 subsection [(b)] (e) of this section, [with] an irrevocable consent
142 appointing the commissioner [or the commissioner's successor in
143 office] to be such seller's attorney to receive service of any lawful
144 process in any noncriminal suit, action or proceeding which arises
145 under sections 36b-60 to 36b-80, inclusive, as amended by this act, or
146 any regulation or order adopted or issued under the provisions of said
147 sections; [and

148 (5) submitting a nonrefundable registration fee of four hundred
149 dollars.

150 (b) Every seller proposing to sell or offer for sale a business
151 opportunity in this state or from this state through any person acting
152 on an agency basis as determined by reference to principles of
153 common law shall file with the commissioner, in such form as the
154 commissioner by regulation or order prescribes, an irrevocable consent
155 appointing the commissioner or the commissioner's successor in office
156 to be the seller's attorney to receive service of any lawful process in
157 any noncriminal suit, action or proceeding against the seller or the
158 seller's successor executor or administrator which arises under sections
159 36b-60 to 36b-80, inclusive, or any regulation or order adopted or
160 issued under said sections after the consent has been filed, with the
161 same force and validity as if served personally on the person filing the
162 consent. Service may be made by leaving a copy of the process in the
163 office of the commissioner, but such service shall not be effective
164 unless (1) the plaintiff, who may be the commissioner in a suit, action
165 or proceeding instituted by him or her, forthwith sends notice of the
166 service and a copy of the process by registered mail, return receipt
167 requested, or by any express delivery carrier that provides a dated
168 delivery receipt, to the defendant or respondent at the defendant's or
169 respondent's last address on file with the commissioner, and (2) the
170 plaintiff's affidavit of compliance with this subsection is filed in the
171 case on or before the return day of the process, if any, or within such
172 further time as the court allows.

173 (c) When any person, including any nonresident of this state,
174 engages in conduct prohibited or made actionable by sections 36b-60 to
175 36b-80, inclusive, or any regulation or order adopted or issued under
176 said sections, and such person has not filed a consent to service of
177 process under subsection (b) of this section and personal jurisdiction
178 over such person cannot otherwise be obtained in this state, that
179 conduct shall be considered equivalent to such person's appointment
180 of the commissioner or the commissioner's successor in office to be
181 such person's attorney to receive service of any lawful process in any
182 noncriminal suit, action or proceeding against such person or such
183 person's successor executor or administrator which grows out of that
184 conduct and which is brought under said sections or any regulation or
185 order adopted or issued under said sections, with the same force and
186 validity as if served on such person personally. Service may be made
187 by leaving a copy of the process in the office of the commissioner, but
188 such service shall not be effective unless (1) the plaintiff, who may be
189 the commissioner in a suit, action or proceeding instituted by him or
190 her, forthwith sends notice of the service and a copy of the process by
191 registered mail, return receipt requested, or by any express delivery
192 carrier that provides a dated delivery receipt, to the defendant or
193 respondent at the defendant's or respondent's last known address, and
194 (2) the plaintiff's affidavit of compliance with this subsection is filed in
195 the case on or before the return day of the process, if any, or within
196 such further time as the court allows.

197 (d) The registration of a business opportunity under this section
198 shall become effective on order of the commissioner.

199 (e) (1) When any business opportunities have been sold or offered
200 for sale without compliance with the registration provisions of sections
201 36b-60 to 36b-80, inclusive, the seller thereof may apply in writing on
202 forms designated by the commissioner for the postsale registration of
203 such business opportunities.

204 (2) A seller who seeks to register a business opportunity which has

205 been sold or offered for sale without compliance with the registration
206 provisions of sections 36b-60 to 36b-80, inclusive, shall submit the
207 following to the commissioner:

208 (A) The documents, information and registration fee required by
209 subsection (a) of this section;

210 (B) A single document, signed and sworn to by an executive officer
211 of the seller, which contains an explanatory statement and a statement
212 of nonprejudice;

213 (i) The explanatory statement shall include the following
214 information:

215 (aa) A statement that business opportunities were sold or offered for
216 sale without compliance with the registration provisions of sections
217 36b-60 to 36b-80, inclusive;

218 (bb) A statement that, to induce each purchaser-investor to whom a
219 business opportunity has been sold in violation of sections 36b-60 to
220 36b-80, inclusive, to sign the statement of nonprejudice, the document
221 is being prepared for presentation to that purchaser-investor;

222 (cc) A full and complete statement of the remedies provided to the
223 purchaser-investor under section 36b-74;

224 (dd) A statement containing any other material facts relating to the
225 sale or offer for sale of the unregistered business opportunities; and

226 (ee) The most recent balance sheet and income statement of the
227 seller.

228 (ii) The statement of nonprejudice shall provide:

229 (aa) That the purchaser-investor to whom a business opportunity
230 was sold without compliance with the registration provisions of
231 sections 36b-60 to 36b-80, inclusive, has read the explanatory
232 statement;

233 (bb) That the purchaser-investor to whom a business opportunity
234 was sold without compliance with the registration provisions of
235 sections 36b-60 to 36b-80, inclusive, is satisfied that he or she will not
236 be defrauded, damaged or prejudiced by the postsale registration of
237 the business opportunity; and

238 (cc) That each purchaser-investor to whom a business opportunity
239 has been sold without compliance with the registration provisions of
240 sections 36b-60 to 36b-80, inclusive, has not waived any of his or her
241 rights under said sections by signing the statement.

242 (3) The seller shall file the document containing both the
243 explanatory statement and the statement of nonprejudice with the
244 commissioner for review before the seller mails the document to each
245 purchaser-investor to whom an unregistered business opportunity has
246 been sold. The commissioner may object to the content of the
247 document but shall in no way pass upon its truthfulness. Following
248 review by the commissioner, the seller shall send the document by
249 certified mail, return receipt requested, to each purchaser-investor to
250 whom an unregistered business opportunity has been sold and shall
251 submit copies of all return receipts to the commissioner. The seller
252 shall certify that each purchaser-investor to whom an unregistered
253 business opportunity was sold has signed the document, and shall
254 return the signed documents to the commissioner. The seller shall also
255 furnish the commissioner with a list of the names, addresses and
256 telephone numbers of those purchaser-investors to whom business
257 opportunities have been sold without compliance with the registration
258 provisions of sections 36b-60 to 36b-80, inclusive, and the amount of
259 payment furnished by each purchaser-investor for the business
260 opportunity.

261 (4) If it appears to the commissioner that no person has been
262 defrauded, prejudiced or damaged by such noncompliance or sale and
263 that no persons will be defrauded, prejudiced or damaged by such
264 postsale registration, the commissioner may permit those business

265 opportunities to be registered upon the payment of fifty dollars plus
266 the fees prescribed in section 36b-65. Registration under the provisions
267 of this subsection shall not affect the prosecution of a violation of any
268 provision of sections 36b-60 to 36b-80, inclusive.]

269 (4) Information and documents in such form as the commissioner
270 may prescribe, including, but not limited to:

271 (A) The official name, address and principal place of business of the
272 seller and of the parent firm or holding company of such seller, if any;

273 (B) The biographical data and business experience of each of the
274 seller's directors and officers;

275 (C) The business experience of the seller, including the length of
276 time such seller has: (i) Conducted a business of the type to be
277 operated by the purchaser-investor, (ii) sold any business opportunity
278 for such business, and (iii) sold any business opportunity in any other
279 line of business;

280 (D) A copy of any contracts, agreements, brochures or other
281 documents relating to the business opportunity;

282 (E) A factual description of the business opportunity offered to be
283 sold and of the services, training and assistance that will be provided
284 by the seller to the purchaser-investor;

285 (F) A statement describing any services, supplies, products, signs,
286 fixtures or equipment relating to the establishment or the operation of
287 the business opportunity that the purchaser-investor is required to
288 purchase, lease or rent directly or indirectly from the seller;

289 (G) A copy of the table of contents of any operations manual to be
290 provided to the purchaser-investor;

291 (H) (i) A balance sheet, income statement and statement of changes
292 in financial condition of the seller as of a date not more than four

293 months prior to the filing under this subsection, which financial
294 statements may be unaudited, provided, if the seller has been in
295 business for less than twelve months from the date of such filing, such
296 financial statements shall be reviewed by an independent certified
297 public accountant and shall include a written opinion from such
298 accountant stating that the accountant is not aware of any material
299 modifications that should be made to the financial statements in order
300 for them to be in conformity with generally accepted accounting
301 principles;

302 (ii) A balance sheet of the seller, an income statement and statement
303 of changes in financial position for the most recent fiscal year audited
304 by an independent public accountant or an independent certified
305 public accountant; or

306 (iii) A balance sheet of the seller, an income statement and statement
307 of changes in financial position for the prior two fiscal years reviewed
308 by an independent certified public accountant who provides an
309 opinion stating that such accountant is not aware of any material
310 modifications that should be made to the financial statements in order
311 for them to be in conformity with generally accepted accounting
312 principles. If any material changes in the financial condition of the
313 seller occur after such financial statements are prepared, the seller shall
314 disclose such changes and explain their significance to the operation of
315 the business opportunity. If the seller is controlled by any person who
316 absolutely and unconditionally guarantees to assume the duties and
317 obligations of the seller under the business opportunity agreement
318 should the seller become unable to perform, the commissioner may
319 accept consolidated financial statements from the seller and such
320 person;

321 (I) A written statement signed and sworn to by the seller before a
322 person qualified to administer oaths that the information contained in
323 the documents filed pursuant to this subsection is true and correct; and

324 (J) A nonrefundable registration fee of four hundred dollars.

325 (c) (1) The registration of a business opportunity shall become
326 effective on order of the commissioner and may be renewed in
327 accordance with section 36b-79, as amended by this act.

328 (2) If the commissioner finds that a seller has failed to demonstrate
329 that adequate financial arrangements have been made to fulfill the
330 obligations set forth in the business opportunity agreement, the
331 commissioner may require the escrow or impoundment of fees and
332 other funds paid by the purchaser-investor or purchaser-investors
333 until such obligations have been fulfilled, or, at the option of the seller,
334 the furnishing of a surety bond as provided by regulation, adopted
335 pursuant to section 36b-77, or order of the commissioner, if the
336 commissioner finds that such requirement is necessary and
337 appropriate to protect purchaser-investors. If during the ten years
338 preceding the date of filing under subsection (b) of this section the
339 commissioner has entered a stop order under section 36b-68, as
340 amended by this act, or the administrator of any other state has
341 entered a stop order against a business opportunity, the commissioner
342 may deny effectiveness to such business opportunity if the
343 commissioner finds that the seller has not satisfactorily addressed the
344 matters that resulted in the issuance of the stop order.

345 (d) The seller shall immediately notify the commissioner of any
346 material change in the information and documents required to be filed
347 under this section, and make appropriate amendments to the
348 disclosure document.

349 (e) Every seller proposing to sell or offer for sale a business
350 opportunity in this state or from this state directly or through any
351 person acting on an agency basis, as determined by reference to the
352 principles of common law, shall file with the commissioner, in such
353 form as the commissioner by regulation, adopted pursuant to section
354 36b-77, or order prescribes, an irrevocable consent appointing the
355 commissioner to be the seller's attorney to receive service of any lawful
356 process in any noncriminal suit, action or proceeding against the seller

357 or the seller's successor executor or administrator that arises under
358 sections 36b-60 to 36b-80, inclusive, as amended by this act, or any
359 regulation or order adopted or issued under said sections after the
360 consent has been filed, with the same force and validity as if served
361 personally on the person filing the consent. Service may be made by
362 leaving a copy of the process in the office of the commissioner, but
363 such service shall not be effective unless (1) the plaintiff, who may be
364 the commissioner in a suit, action or proceeding instituted by the
365 commissioner, forthwith sends notice of the service and a copy of the
366 process by registered mail, return receipt requested, or by any express
367 delivery carrier that provides a dated delivery receipt, to the defendant
368 or respondent at the defendant's or respondent's last address on file
369 with the commissioner, and (2) the plaintiff's affidavit of compliance
370 with this subsection is filed in the case on or before the return day of
371 the process, if any, or within such further time as the court allows.

372 (f) When any person, including any nonresident of this state,
373 engages in conduct prohibited or made actionable by sections 36b-60 to
374 36b-80, inclusive, as amended by this act, or any regulation or order
375 adopted or issued under said sections, and such person has not filed a
376 consent to service of process under subsection (e) of this section and
377 personal jurisdiction over such person cannot otherwise be obtained in
378 this state, such conduct shall be considered equivalent to such person's
379 appointment of the commissioner to be such person's attorney to
380 receive service of any lawful process in any noncriminal suit, action or
381 proceeding against such person or such person's successor executor or
382 administrator that grows out of such conduct and that is brought
383 under said sections or any regulation or order adopted or issued under
384 said sections, with the same force and validity as if served on such
385 person personally. Service may be made by leaving a copy of the
386 process in the office of the commissioner, but such service shall not be
387 effective unless (1) the plaintiff, who may be the commissioner in a
388 suit, action or proceeding instituted by the commissioner, forthwith
389 sends notice of the service and a copy of the process by registered mail,
390 return receipt requested, or by any express delivery carrier that

391 provides a dated delivery receipt, to the defendant or respondent at
392 the defendant's or respondent's last known address, and (2) the
393 plaintiff's affidavit of compliance with this subsection is filed in the
394 case on or before the return day of the process, if any, or within such
395 further time as the court allows.

396 (g) When any business opportunity has been sold or offered for sale
397 without compliance with the registration provisions of this section, the
398 seller thereof may apply for the postsale registration of such business
399 opportunity, on forms designated by the commissioner, by filing the
400 following with the commissioner:

401 (1) The documents, information and registration fee required by
402 subsection (b) of this section; and

403 (2) A single document, signed and sworn to by an executive officer
404 of the seller, which contains an explanatory statement and a statement
405 of nonprejudice. The explanatory statement shall include the following
406 information: (A) A statement that business opportunities were sold or
407 offered for sale without compliance with the registration provisions of
408 sections 36b-60 to 36b-80, inclusive, as amended by this act; (B) a
409 statement that, to induce each purchaser-investor to whom a business
410 opportunity has been sold in violation of sections 36b-60 to 36b-80,
411 inclusive, as amended by this act, to sign the statement of
412 nonprejudice, the document is being prepared for presentation to that
413 purchaser-investor; (C) a full and complete statement of the remedies
414 provided to the purchaser-investor under section 36b-74; (D) a
415 statement containing any other material facts relating to the sale or
416 offer for sale of the unregistered business opportunity; and (E) the
417 most recent balance sheet and income statement of the seller. The
418 statement of nonprejudice shall provide that: (i) The purchaser-
419 investor to whom a business opportunity was sold without compliance
420 with the registration provisions of sections 36b-60 to 36b-80, inclusive,
421 as amended by this act, has read the explanatory statement; (ii) the
422 purchaser-investor to whom a business opportunity was sold without

423 compliance with the registration provisions of sections 36b-60 to 36b-
424 80, inclusive, as amended by this act, is satisfied that he or she will not
425 be defrauded, damaged or prejudiced by the postsale registration of
426 the business opportunity; and (iii) each purchaser-investor to whom a
427 business opportunity has been sold without compliance with the
428 registration provisions of sections 36b-60 to 36b-80, inclusive, as
429 amended by this act, has not waived any of his or her rights under said
430 sections by signing the statement.

431 (h) The seller shall mail the document containing both the
432 explanatory statement and the statement of nonprejudice to each
433 purchaser-investor to whom an unregistered business opportunity has
434 been sold after such document has been reviewed by the
435 commissioner. The commissioner may object to the content of the
436 document but shall in no way pass upon its truthfulness. Following
437 review by the commissioner, the seller shall send the document by
438 certified mail, return receipt requested, to each such purchaser-
439 investor and shall submit copies of all return receipts to the
440 commissioner. The seller shall certify that each such purchaser-
441 investor has signed the document and shall return the signed
442 documents to the commissioner. The seller shall also furnish the
443 commissioner with a list of the names, addresses and telephone
444 numbers of those purchaser-investors to whom business opportunities
445 have been sold without compliance with the registration provisions of
446 sections 36b-60 to 36b-80, inclusive, as amended by this act, and the
447 amount paid by each purchaser-investor for the business opportunity.

448 (i) If it appears to the commissioner that no person has been
449 defrauded, prejudiced or damaged by such noncompliance or sale and
450 that no persons will be defrauded, prejudiced or damaged by such
451 postsale registration, the commissioner may permit that business
452 opportunity to be registered upon the payment of fifty dollars plus the
453 fee prescribed by subsection (b) of this section. Registration under the
454 provisions of this subsection shall not affect the prosecution of a
455 violation of any provision of sections 36b-60 to 36b-80, inclusive, as

456 amended by this act.

457 Sec. 3. Section 36b-63 of the general statutes is repealed and the
458 following is substituted in lieu thereof (*Effective October 1, 2009*):

459 (a) At least ten business days prior to the time the purchaser-
460 investor signs a business opportunity contract, or at least ten business
461 days prior to the receipt of any money or thing of value by the seller or
462 any person designated by the seller to receive such money or thing of
463 value, whichever occurs first, the seller shall provide the prospective
464 purchaser-investor a written disclosure document described in
465 subsection (c) of this section, the cover sheet of which shall be entitled
466 in at least ten-point boldface capital letters "DISCLOSURES
467 REQUIRED BY CONNECTICUT LAW". Under this title shall appear
468 the statement in at least ten-point type that "The State of Connecticut
469 does not approve, recommend, endorse or sponsor any business
470 opportunity. The information contained in this disclosure has not been
471 verified by the state. If you have any questions about this investment,
472 see an attorney before you sign a contract or agreement." Nothing
473 except the title, the required statement, the name of the seller and the
474 date of the disclosure document shall appear on the cover sheet.
475 [When, however, the seller uses a disclosure document in accordance
476 with the provisions of the Federal Trade Commission's trade
477 regulation rule entitled "Disclosure Requirements and Prohibitions
478 Concerning Franchising and Business Opportunity Ventures", 16 CFR
479 436, as amended from time to time, the cover sheet required by this
480 subsection shall be placed immediately after the cover sheet required
481 under such rule of the Federal Trade Commission.]

482 (b) (1) In lieu of the disclosure document required by subsection (c)
483 of this section, the seller may use: (A) The Uniform Franchise Offering
484 Circular with associated guidelines adopted by the North American
485 Securities Administrators Association, Inc., as amended from time to
486 time, or (B) a disclosure document in accordance with the provisions of
487 the Federal Trade Commission's trade regulation rule entitled

488 "Disclosure Requirements and Prohibitions Concerning Franchising
489 and Business Opportunity Ventures", 16 CFR 436, as amended from
490 time to time, with the cover sheet required by this subsection placed
491 immediately after the cover sheet required under such rule of the
492 Federal Trade Commission.

493 (2) Any additional information required by subsection (c) of this
494 section, which is not contained in the document filed under
495 subdivision (1) of this subsection, shall be included in an addendum to
496 the disclosure document and the seller shall file a cross-reference sheet
497 indicating the location of the disclosures required by subsection (c) of
498 this section.

499 ~~[(b)]~~ (c) Except as provided in subsection ~~[(c)]~~ (d) of this section, the
500 disclosure document shall contain at least the following information
501 which shall be presented in a single document in the order set forth in
502 this subsection and shall include a comment which either positively or
503 negatively responds to each disclosure item required to be in the
504 disclosure document by use of a statement which fully incorporates
505 the information required within such document:

506 (1) (A) The official name, business address and principal place of
507 business of the seller and of any ~~[parent or holding company of the~~
508 ~~seller, if any, or any affiliated firm]~~ affiliate or predecessor of the seller;
509 ~~whether such seller is [doing business as] an individual, partnership,~~
510 limited liability company, limited liability partnership or corporation
511 ~~and, if the seller is an entity,~~ the date and place of [any such
512 incorporation] organization; (B) the name under which the seller is
513 doing or intends to do business; and (C) trademarks and service marks
514 which identify the product or products, equipment, supplies or
515 services to be offered, sold or distributed by the prospective purchaser-
516 investor, or under which the prospective purchaser-investor will be
517 operating;

518 (2) The business experience during the past five years of each of the
519 seller's current directors, executive officers, trustees, general partners,

520 general managers, and any other persons charged with responsibility
521 for the seller's business activities, including but not limited to, the chief
522 operating officer and the financial, marketing, training and service
523 officers. With regard to each such listed person, for the past five years,
524 such person's principal occupations, nature and types of business in
525 which such person was engaged, names of his employers, current
526 business addresses and titles shall be provided;

527 (3) The business experience of the seller and the seller's [parent firm,
528 holding company,] affiliate or predecessor, if any, including the length
529 of time each: (A) Has conducted a business of the type to be operated
530 by the purchaser-investor; (B) has offered for sale or sold a business
531 opportunity for such business; and (C) has offered for sale or sold
532 business opportunities in any other line of business and a description
533 of such other line of business;

534 (4) A statement disclosing who, if any, of such persons listed in
535 subdivisions (1) and (2) of this subsection: (A) Has, at any time during
536 the previous [seven] ten fiscal years, been convicted of a felony or
537 pleaded nolo contendere to a felony charge if such felony involved
538 fraud, including but not limited to, a violation of any business
539 opportunity law, franchise law, securities law or unfair or deceptive
540 practices law, embezzlement, fraudulent conversion, misappropriation
541 of property or restraint of trade; (B) has, at any time during the
542 previous [seven] ten fiscal years, been held liable in a civil action
543 resulting in a final judgment, [or] has settled out of court any civil
544 action, [or] is a party to any civil action, or is or was a principal,
545 director, executive officer or partner of any other person that was so
546 held liable, settled or is a party to such action where the civil action (i)
547 [involving] involved allegations of fraud, including but not limited to,
548 a violation of any business opportunity law, franchise law, securities
549 law or unfair or deceptive practices law, embezzlement, fraudulent
550 conversion, misappropriation of property, or restraint of trade, or (ii)
551 which was brought by a present or former purchaser-investor and
552 which involves or involved the business opportunity relationship; (C)

553 is subject to any currently effective state or federal agency or court
554 injunctive or restrictive order, [or] is a party to a proceeding currently
555 pending in which such order is sought, or is or was a principal,
556 director, executive officer or partner of any other person that is subject
557 to such order or is a party to any such currently pending proceeding
558 relating to or affecting business opportunity activities or the seller-
559 purchaser-investor relationship, or involving fraud, including but not
560 limited to, a violation of any business opportunity law, franchise law,
561 securities law or unfair or deceptive practices law, embezzlement,
562 fraudulent conversion, misappropriation of property or restraint of
563 trade. The statement required by this subdivision shall include the
564 identity and location of the court or agency; the date of conviction,
565 judgment, or decision; the penalty imposed; the damages assessed; the
566 terms of settlement or the terms of the order and the date, nature, and
567 issuer of each such order or ruling. A seller may include a summary
568 opinion of counsel as to any pending litigation but only if counsel's
569 consent to use such opinion is included in the disclosure [statement]
570 document;

571 (5) A statement disclosing who, if any, of the persons listed in
572 subdivisions (1) and (2) of this subsection at any time during the
573 previous seven fiscal years has: (A) Filed [in] for bankruptcy
574 protection; (B) been adjudged bankrupt; (C) been reorganized due to
575 insolvency; or (D) been a principal, director, executive officer or
576 partner of any other person that has so filed or was so adjudged or
577 reorganized, during or within one year after the period that such
578 person held such position with such other person. [If so, the seller] The
579 statement required by this subdivision shall [set forth] include the
580 name and location of the person having so filed or having been so
581 adjudged or reorganized, the date and any other material facts;

582 (6) A factual description of the business opportunity offered to be
583 sold by the seller including a full and detailed description of (A) the
584 actual services and equipment that the business opportunity seller
585 undertakes to perform for or supply to the purchaser-investor and (B)

586 the actual services which the purchaser-investor undertakes to
587 perform, including but not limited to, compliance with procedures
588 established by the seller regarding the operation of the business;

589 (7) A statement of the total funds which shall be a sum certain and
590 which the seller requires the purchaser-investor to pay to any
591 specifically named person or any other person known to the seller who
592 receives any consideration incident to such transaction, or which the
593 seller, or any person affiliated with the seller collects in whole or in
594 part on behalf of any party in order to obtain or commence the
595 business opportunity operation such as initial fees, deposits, down
596 payments, prepaid rent, and equipment and inventory purchases,
597 provided the seller shall not be required to make such disclosures if
598 the seller merely approves the purchaser-investor's decision to do
599 business with any other person selected by the purchaser-investor. If
600 all or part of these fees or deposits are returnable under certain
601 conditions, the seller shall set forth these conditions, and if not
602 returnable, the seller shall disclose this fact;

603 (8) A statement describing any recurring funds in connection with
604 carrying on the business opportunity business the purchaser-investor
605 is required to pay to any person, including, but not limited to, royalty,
606 lease, advertising, training and sign rental fees and equipment or
607 inventory purchases;

608 (9) A statement setting forth the name of each person, including the
609 seller and its affiliates, with whom the seller directly or indirectly
610 requires or advises the purchaser-investor to do business;

611 (10) A statement describing any real estate, services, supplies,
612 products, inventories, signs, fixtures, or equipment relating to the
613 establishment or the operation of the business opportunity business
614 the seller directly or indirectly requires the purchaser-investor to
615 purchase, lease or rent, and if such purchase, lease or rental shall be
616 made from specific persons including the seller, a list of the names and
617 addresses of each such person. Such list may be set forth in a separate

618 document and delivered to the prospective purchaser-investor with
619 the disclosure document if the existence of such separate document is
620 disclosed in the disclosure document;

621 (11) A description of the basis for calculating, and, if such
622 information is readily available, the actual amount of any revenue or
623 other consideration to be received by the seller or persons affiliated
624 with the seller from suppliers to the prospective purchaser-investor in
625 consideration for goods or services which the seller requires or advises
626 the purchaser-investor to obtain from such suppliers;

627 (12) (A) A statement of all material terms and conditions of any
628 financing arrangement offered directly or indirectly by the seller or
629 any person affiliated with the seller to the prospective purchaser-
630 investor; and (B) a description of the terms by which any payment is to
631 be received by the seller from (i) any person offering financing to a
632 prospective purchaser-investor; and (ii) any person arranging for
633 financing for a prospective purchaser-investor;

634 (13) A statement describing the material facts of whether under the
635 terms of the business opportunity agreement or other device or
636 practice the purchaser-investor is: (A) Limited in the goods or services
637 he may offer for sale; (B) limited in the customers to whom he may sell
638 such goods or services; (C) limited in the geographic area in which he
639 may offer for sale or sell goods or services; or (D) granted territorial
640 protection by the seller, by which, with respect to a territory or area,
641 the seller will not establish another or more than a fixed number of
642 business opportunity or company-owned outlets either operating
643 under or selling, offering, or distributing the same or similar products,
644 equipment, supplies or services currently being offered to purchaser-
645 investors;

646 (14) A statement of the extent to which the seller requires or it is
647 necessary that the purchaser-investor, or if the purchaser-investor is a
648 corporation any person affiliated with the purchaser-investor,
649 participates personally in the direct operation of the business

650 opportunity;

651 (15) With respect to the business opportunity agreement and any
652 related agreements, a statement disclosing: (A) The term or duration of
653 arrangement, if any, of such agreement and whether such term is or
654 may be affected by an agreement, including leases or subleases, other
655 than the one from which such term arises; (B) the conditions under
656 which the purchaser-investor may renew or extend; (C) the conditions
657 under which the seller may refuse to renew or extend; (D) the
658 conditions under which the purchaser-investor may terminate; (E) the
659 conditions under which the seller may terminate; (F) the obligations,
660 including lease or sublease obligations, of the purchaser-investor after
661 termination of the business opportunity by the seller and the
662 obligations of the purchaser-investor, including lease or sublease
663 obligations, after termination of the business opportunity by the
664 purchaser-investor and after the expiration of the business
665 opportunity; (G) the purchaser-investor's interest upon termination of
666 the business opportunity or upon refusal to renew or extend the
667 business opportunity whether by the seller or by the purchaser-
668 investor; (H) the conditions under which the seller may repurchase,
669 whether by right of first refusal or at the option of the seller, and, if the
670 seller has the option to repurchase the business opportunity, whether
671 there will be an independent appraisal of the business opportunity,
672 whether the repurchase price will be determined by a predetermined
673 formula and whether there will be a recognition of good will or other
674 such intangibles in such repurchase price; (I) the conditions under
675 which the purchaser-investor may sell or assign all or any interest in
676 the ownership of the business opportunity or of the assets of the
677 business opportunity and the amount of consideration, if any, which
678 shall be paid to the seller for such sale or assignment; (J) the conditions
679 under which the seller may sell or assign, in whole or in part, its
680 interest under such agreements; (K) the conditions under which the
681 purchaser-investor may modify; (L) the conditions under which the
682 seller may modify; (M) the rights of the purchaser-investor's heirs or
683 personal representative upon the death or incapacity of the purchaser-

684 investor; and (N) the provisions of any covenant not to compete;

685 (16) With respect to the seller and as to the particular named
686 business being offered, a statement disclosing: (A) The total number of
687 business opportunities operating within the calendar year immediately
688 preceding, and as of a date thirty days prior to, the filing of
689 information required by sections 36b-60 to 36b-80, inclusive, as
690 amended by this act; (B) the total number of company-owned outlets
691 operating within the calendar year immediately preceding, and as of a
692 date thirty days prior to, the filing of information required by said
693 sections; (C) the names, addresses, and telephone numbers of (i) the
694 ten business opportunity outlets of the named business opportunity
695 business nearest the prospective purchaser-investor's intended location
696 or (ii) all purchaser-investors of the seller, or (iii) all purchaser-
697 investors of the seller in the state in which the prospective purchaser-
698 investor lives or where the proposed business opportunity is to be
699 located, provided there are more than ten such purchaser-investors. If
700 the number of purchaser-investors to be disclosed exceeds fifty, the
701 listing may be made in a separate document and delivered to the
702 prospective purchaser-investor with the disclosure document if the
703 existence of such separate document is disclosed in the disclosure
704 document; (D) the number of business opportunities that, within the
705 calendar year immediately preceding, and as of a date thirty days prior
706 to, the filing of information required by said sections, were voluntarily
707 terminated or not renewed by purchaser-investors within or at the
708 conclusion of the term of the business opportunity agreement; (E) the
709 number of business opportunities that, within the calendar year
710 immediately preceding, and as of a date thirty days prior to, the filing
711 of information required by said sections, the seller reacquired by
712 purchase during the term of the business opportunity agreement and
713 upon the conclusion of the term of the business opportunity
714 agreement; (F) the number of business opportunities that, within the
715 calendar year immediately preceding, and as of a date thirty days prior
716 to, the filing of information required by said sections, were otherwise
717 reacquired by the seller during the term of the business opportunity

718 agreement and upon the conclusion of the term of the business
719 opportunity agreement; (G) the number of business opportunities
720 within the calendar year immediately preceding, and as of a date thirty
721 days prior to, the filing of information required by said sections, in
722 which the seller refused renewal of the business opportunity
723 agreement or other agreements relating to the business opportunity;
724 (H) the number of business opportunities that, within the calendar
725 year immediately preceding, and as of a date thirty days prior to, the
726 filing of information required by said sections, were cancelled or
727 terminated by the seller during the term of the business opportunity
728 agreement and upon conclusion of the term of the business
729 opportunity agreement; and (I) with respect to the disclosures required
730 by subparagraphs (D), (E), (F), (G) and (H) of this subdivision, the
731 disclosure [statement] document shall also include a general
732 categorization of the reasons for such reacquisitions, terminations and
733 refusals to renew and the number falling within each such category,
734 including but not limited to the following categories: Failure to comply
735 with quality control standards, failure to make sufficient sales, and
736 other breaches of contract;

737 (17) (A) If the seller promises services to be performed in connection
738 with site selection, a statement disclosing the full nature of those
739 services, (B) for each agreement entered into within the calendar year
740 immediately preceding, and as of a date thirty days prior to, the filing
741 of information required by sections 36b-60 to 36b-80, inclusive, as
742 amended by this act, a statement disclosing the range of time that has
743 elapsed between the signing of the business opportunity agreement or
744 other agreement relating to the business opportunity and the site
745 selection, (C) for each agreement entered into within the calendar year
746 immediately preceding, and as of a date thirty days prior to, the filing
747 of information required by said sections, if the seller is to provide
748 operating business opportunity outlets, a statement disclosing the
749 range of time that has elapsed between the signing of each business
750 opportunity agreement or other agreement relating to the business
751 opportunity and the commencement of the purchaser-investor's

752 business, (D) with respect to the disclosures required by
753 subparagraphs (B) and (C) of this subdivision, a seller may provide a
754 distribution chart using meaningful classifications with respect to such
755 ranges of time;

756 (18) If the seller offers an initial training program or informs the
757 prospective purchaser-investor that it intends to provide such person
758 with initial training, a statement disclosing: (A) The type and nature of
759 such training; (B) the minimum amount, if any, of training that will be
760 provided to such purchaser-investor; and (C) the amount, if any, such
761 purchaser-investor shall pay for such training or for obtaining such
762 training;

763 (19) If the name of a public figure is used in connection with a
764 recommendation to purchase a business opportunity or as a part of the
765 name of the business opportunity operation or if the public figure is
766 stated to be involved with the management of the seller, a statement
767 disclosing: (A) The nature and extent of the public figure's
768 involvement and obligations to the seller, including but not limited to,
769 the promotional assistance the public figure will provide to the seller
770 and to the purchaser-investor; (B) the total investment of the public
771 figure in the business opportunity operation; and (C) the amount of
772 any fee or fees the purchaser-investor will be obligated to pay for such
773 involvement or assistance provided by the public figure;

774 (20) If the seller intends to use estimated or projected business
775 opportunity sales or earnings, a statement of such estimates or
776 projections together with an explanation of the bases and assumptions
777 underlying such estimates or projections and any supportive data. The
778 seller shall clearly and conspicuously disclose the following statement
779 together with the information required by this subdivision in
780 immediate conjunction with such representations and in not less than
781 twelve point upper and lower case boldface type: "Caution: These
782 figures are only estimates of what we think you may earn. There is no
783 assurance you will do as well. If you rely upon our figures, you must

784 accept the risk of not doing as well";

785 (21) If the seller makes any statement concerning sales or earnings
786 or range of sales or earnings that may be made through this business
787 opportunity, the document shall disclose: (A) For the three-year period
788 prior to the date of the disclosure [statement] document, the total
789 number of purchaser-investors of business opportunities involving the
790 products, equipment, supplies or services being offered who, to the
791 seller's knowledge, have actually received earnings in the amount or
792 range specified and the length of time it took such purchaser-investors
793 to receive earnings in such amount or range; (B) for the three-year
794 period prior to the date of the disclosure [statement] document, the
795 total number of purchaser-investors of business opportunities
796 involving the products, equipment, supplies or services being offered.
797 The seller shall clearly and conspicuously disclose the following
798 statement together with the information required by this subdivision
799 in immediate conjunction with such representations and in not less
800 than twelve-point upper and lower case boldface type: "Caution: Some
801 business opportunities have (sold)(earned) this amount. There is no
802 assurance you will do as well. If you rely upon our figures, you must
803 accept the risk of not doing as well";

804 (22) If the business opportunity seller is required to secure a bond or
805 establish a trust deposit pursuant to section 36b-64, as amended by this
806 act, the document shall state either:

807 (A) "As required by Connecticut law, the seller has secured a bond
808 issued by

809

810 (Name and address of surety company)

811 a surety company authorized to do business in this state. Before
812 signing a contract to purchase this business opportunity, you should
813 check with the surety company to determine the bond's current status,"

814 or

815 (B) "As required by Connecticut law, the seller has established a
816 trust account

817

818 (Number of account)

819 with

820 (Name and address of bank or [savings] other depository
821 institution)

822 before signing a contract to purchase this business opportunity, you
823 should check with the bank or [savings] other depository institution to
824 determine the current status of the trust account";

825 (23) The following statement: "If the seller fails to deliver the
826 products, equipment or supplies or fails to render the services
827 necessary to begin substantial operation of the business within forty-
828 five days of the delivery date stated in your contract, you may notify
829 the seller in writing and demand that the contract be cancelled";

830 (24) A financial statement as required by subsection (b) of section
831 [36b-65] 36b-62, as amended by this act;

832 (25) A table of contents shall be included within the disclosure
833 document and shall immediately follow the cover page or pages of the
834 disclosure document;

835 (26) The names of those persons who will represent the seller in
836 offering or selling business opportunities in this state. With respect to
837 each such person, a statement disclosing: (A) [His or her] Such person's
838 business address and telephone number, [; (B) his or her] present
839 employer, [; (C) his or her] and employment or occupational history
840 for the past ten years, including the names of [his or her] employers,
841 positions held and starting and termination dates for each such

842 position; [(D)] and (B) whether such person (i) has, at any time during
843 the previous [seven] ten fiscal years, been convicted of a felony or
844 pleaded nolo contendere to a felony charge if such felony involved
845 fraud, including but not limited to, a violation of any business
846 opportunity law, franchise law, securities law or unfair or deceptive
847 practices law, embezzlement, fraudulent conversion, misappropriation
848 of property or restraint of trade, or (ii) has, at any time during the
849 previous [seven] ten fiscal years, been held liable in a civil action
850 resulting in a final judgment or has settled any civil action out of court
851 or is a party to any civil action involving allegations of fraud, including
852 but not limited to a violation of any business opportunity law,
853 franchise law, securities law or unfair or deceptive practices law,
854 embezzlement, fraudulent conversion, misappropriation of property,
855 or restraint of trade, or [which] that was brought by a present or
856 former purchaser-investor and [which] that involves or involved the
857 business opportunity relationship, or (iii) is subject to any currently
858 effective injunctive or restrictive order issued by any state or federal
859 court or administrative agency, or is a party to a proceeding currently
860 pending in which such order is sought, relating to or affecting business
861 opportunity activities or the seller-purchaser-investor relationship, or
862 involving fraud, including but not limited to, a violation of any
863 business opportunity law, franchise law, securities law or unfair or
864 deceptive practices law, embezzlement, fraudulent conversion,
865 misappropriation of property or restraint of trade. Such statement shall
866 disclose the identity and location of the court or administrative agency;
867 the date of conviction, judgment, order or decision; the penalty
868 imposed; any damages assessed and the terms of settlement or the
869 terms of the order;

870 (27) A section entitled "risk factors" containing a series of short
871 concise captioned paragraphs summarizing the principal factors which
872 make the business opportunity one of high risk or of a speculative
873 nature. Such factors shall include, but not be limited to: The absence of
874 profitable operations within the previous three years; an erratic
875 financial position of the seller; the particular nature of the business in

876 which the seller is engaged or proposes to engage; any adverse
877 background information regarding executive officers and directors of
878 the seller, including prior business failures, criminal convictions or
879 personal adjudications of bankruptcy; limited experience or lack of
880 experience of the seller's management with respect to the particular
881 business; and the identity and relationship to the seller of any
882 customers, the loss of any one of whom would have a material adverse
883 effect on the seller. Where appropriate, reference shall be made to
884 other sections of the disclosure document where more detailed
885 information has been disclosed.

886 [(c)] (d) The information contained in the disclosure document may
887 be supplemented by more detailed information contained in other
888 documents [which] that shall be made a part of the disclosure
889 document; provided, any such supplementary documents [must be]
890 are given to the purchaser-investor at the time the disclosure
891 document is given to the purchaser-investor.

892 Sec. 4. Section 36b-64 of the general statutes is repealed and the
893 following is substituted in lieu thereof (*Effective October 1, 2009*):

894 If the business opportunity seller makes any of the representations
895 set forth in subparagraph (C) of subdivision [(6)] (2) of section 36b-61,
896 as amended by this act, the seller shall have obtained a surety bond
897 issued by a surety company authorized to do business in this state or
898 shall have established a trust account with a licensed and insured bank
899 or [savings] other depository institution located in Connecticut. The
900 amount of such bond or trust account shall be an amount not less than
901 fifty thousand dollars, but the commissioner may require a greater
902 amount if he believes it necessary for the protection of purchaser-
903 investors. Such bond or trust account shall be in favor of the state of
904 Connecticut. Any person who is damaged by any violation of sections
905 36b-60 to 36b-80, inclusive, as amended by this act, or by the seller's
906 breach of the contract for the business opportunity sale or of any
907 obligation arising under such contract may bring an action against the

908 bond or trust account to recover damages suffered.

909 Sec. 5. Section 36b-65 of the general statutes is repealed and the
910 following is substituted in lieu thereof (*Effective October 1, 2009*):

911 [(a) Unless exempted by subsection (e) of this section, any person
912 who advertises, sells, contracts, offers for sale or promotes any
913 business opportunity in this state or from this state must register with
914 the commissioner and file, in a form prescribed by said commissioner,
915 an application which shall contain the following documents and
916 information: (1) The official name and address and principal place of
917 business of the seller and the parent firm or holding company of such
918 seller, if any; (2) the business experience stated individually of each of
919 the seller's directors and officers including the biographical data
920 concerning all such persons; (3) the business experience of the seller,
921 including the length of time such seller has conducted a business of the
922 type to be operated by the purchaser-investor, has granted business
923 opportunities for such business, and has granted business
924 opportunities in other lines of business; (4) a copy of any contracts,
925 agreements, brochures or other documents relating to the business
926 opportunity; (5) a factual description of the business opportunity
927 offered to be sold and of the services, training and assistance which
928 will be provided by the seller to the purchaser-investor; (6) a statement
929 describing any services, supplies, products, signs, fixtures or
930 equipment relating to the establishment or the operating of the
931 business opportunity which the purchaser-investor is required to
932 purchase, lease or rent directly or indirectly from the seller; (7) a copy
933 of the table of contents of any operations manual to be provided to the
934 purchaser-investor; and (8) any other information the commissioner in
935 his discretion reasonably requires. The application shall contain the
936 seller's statement sworn to before a person qualified to administer
937 oaths that the information contained in the application is true to the
938 seller's knowledge.

939 (b) The seller shall file with the commissioner: (1) A balance sheet,

940 income statement and statement of changes in financial condition of
941 such seller as of a date not more than four months prior to the filing of
942 the registration statement, which financial statements may be
943 unaudited, provided if the seller has been in business for less than
944 twelve months from the date of the filing of the registration statement,
945 such financial statements shall be reviewed by an independent
946 certified public accountant and shall include a written opinion from
947 said accountant stating that he is not aware of any material
948 modifications that should be made to the financial statements in order
949 for them to be in conformity with generally accepted accounting
950 principles; (2) a balance sheet of such seller, an income statement and
951 statement of changes in financial position for the most recent fiscal
952 year audited by an independent public accountant or an independent
953 certified public accountant; and (3) a balance sheet and income
954 statement and statement of changes in financial position for the prior
955 two fiscal years reviewed by an independent certified public
956 accountant who provides an opinion stating that he is not aware of any
957 material modifications that should be made to the financial statements
958 in order for them to be in conformity with generally accepted
959 accounting principles. If any material changes in the financial
960 condition of such seller occur after such statements are prepared, such
961 seller shall disclose such changes and explain their significance to the
962 operation of a business opportunity. If the seller is controlled by any
963 person who absolutely and unconditionally guarantees to assume the
964 duties and obligations of such seller under the business opportunity
965 agreement should such seller become unable to perform, the
966 commissioner may accept consolidated financial statements from such
967 seller and such person. If the commissioner finds that a seller has failed
968 to demonstrate that adequate financial arrangements have been made
969 to fulfill the obligations set forth in the business opportunity
970 agreement, the commissioner may require the escrow or impoundment
971 of fees and other funds paid by the purchaser-investor or purchaser-
972 investors until such obligations have been fulfilled, or, at the option of
973 such seller, the furnishing of a surety bond as provided by regulation

974 or order of the commissioner, if he finds that such requirement is
975 necessary and appropriate to protect purchaser-investors.

976 (c) Upon satisfactory submission of the information and documents
977 required by subsections (a) and (b) of this section and all the
978 information and documents required by section 36b-64 and the
979 payment of a registration fee of four hundred dollars, the
980 commissioner shall issue a certificate stating that the business
981 opportunity has been registered.

982 (d) The commissioner may accept the uniform franchise offering
983 circular adopted by The Midwest Securities Commissioners
984 Association on September 2, 1975, with associated guidelines amended
985 by The North American Securities Administrators Association from
986 time to time, in lieu of the disclosure document required by section
987 36b-63, provided that (1) the disclosure document contains the cover
988 sheet required by subsection (a) of said section 36b-63, (2) any
989 additional information required by said section 36b-63 which is not
990 contained in the uniform franchise offering circular is included in an
991 addendum to the disclosure document, and (3) the seller files a cross-
992 reference sheet indicating the location of the disclosures required by
993 said section 36b-63.]

994 [(e)] (a) The following business opportunities are exempt from
995 [subsections (a) and (b)] subsection (a) of section 36b-62, as amended
996 by this act; [sections] section 36b-63, as amended by this act, and
997 section 36b-64, as amended by this act; [subsections (a), (b), (c), (d) and
998 (f) of this section;] section 36b-66 and [subdivisions] subdivision (1) [,
999 (2) and (3)] of section 36b-67: (1) (A) Subject to the provisions of
1000 subparagraph (B) of this subdivision, any business opportunity for
1001 which the initial payment made by the purchaser-investor per business
1002 opportunity does not exceed two hundred dollars, if no
1003 representations are made that the seller guarantees, either
1004 conditionally or unconditionally, that the purchaser-investor will
1005 derive income from the business opportunity. For purposes of this

1006 subparagraph, "initial payment" means the total amount the
1007 purchaser-investor becomes obligated to pay to the seller or to any
1008 third party either prior to or at the time of delivery of the products,
1009 equipment, supplies or services or within one year of the
1010 commencement of operation of the business by the purchaser-investor.
1011 If payment is over a period of time, "initial payment" [shall include]
1012 includes the sum of the down payment and the total periodic
1013 payments. "Initial payment" does not include periodic payments where
1014 the amount or rate of the payment is based on net revenue or gross
1015 revenue generated by the business. (B) The commissioner may, by
1016 regulation, adopted pursuant to section 36b-77, or order as to any
1017 business opportunity or type of business opportunity or transaction
1018 exempt under subdivision (1) (A) of this subsection, modify,
1019 withdraw, further condition or waive such conditions, in whole or in
1020 part, conditionally or unconditionally, on a finding that such
1021 regulation or order is necessary and appropriate, in the public interest
1022 or for the protection of purchaser-investors; (2) any business
1023 opportunity sold in this state exclusively to purchaser-investors each
1024 of whom has a net worth of not less than one million dollars exclusive
1025 of principal residence, home furnishings, and personal automobiles;
1026 and (3) any other business opportunity that the commissioner by
1027 regulation, adopted pursuant to section 36b-77, or order may exempt,
1028 conditionally or unconditionally, if the commissioner finds that
1029 enforcement of all the provisions of sections 36b-60 to 36b-80,
1030 inclusive, as amended by this act, with respect to such business
1031 opportunity is not necessary to protect the public interest, and for the
1032 protection of purchaser-investors due to the limited character of the
1033 business opportunity, or because such business opportunity is, in the
1034 judgment of the commissioner, adequately regulated by federal law.
1035 The commissioner may by order deny, suspend or revoke any
1036 exemption with respect to a particular offering of one or more business
1037 opportunities in accordance with the provisions of section 36b-68, as
1038 amended by this act. No order under this subsection may operate
1039 retroactively. No person may be considered to have violated any order

1040 issued under this subsection by reason of any offer or sale effected
1041 after the entry of such order if such person sustains the burden of
1042 proof that such person did not know, and in the exercise of reasonable
1043 care could not have known, of such order. [In any proceeding under
1044 this subsection, the burden of proving an exemption is upon the
1045 person claiming it.]

1046 [(f) The seller shall immediately notify the commissioner of any
1047 material change in information contained in the application for
1048 registration, amend financial statements not less than quarterly and
1049 make appropriate amendment of the disclosure document.]

1050 (b) In any proceeding under sections 36b-60 to 36b-80, inclusive, as
1051 amended by this act, the burden of proving an exemption, exclusion or
1052 an exception from a definition is upon the person claiming it.

1053 Sec. 6. Section 36b-68 of the general statutes is repealed and the
1054 following is substituted in lieu thereof (*Effective October 1, 2009*):

1055 (a) The commissioner may issue a stop order denying effectiveness
1056 to, or suspending or revoking the effectiveness of, any business
1057 opportunity registration if [he] the commissioner finds that: (1) [That
1058 such] Such order is in the public interest; (2) [that] such order is
1059 necessary for the protection of purchaser-investors or prospective
1060 purchaser-investors; (3) [that] the registration of the business
1061 opportunity is incomplete in any material respect but is not abandoned
1062 pursuant to subsection (e) of this section or contains any statement
1063 which was, in the light of the circumstances under which it was made,
1064 false or misleading with respect to any material fact; [or] (4) [that] any
1065 provision of sections 36b-60 to 36b-80, inclusive, as amended by this
1066 act, or any regulation, order or condition lawfully adopted, issued or
1067 imposed under said sections has been wilfully violated by any person;
1068 (5) the seller, or any partner, officer or director, any person occupying
1069 a similar status or performing similar functions, or any person directly
1070 or indirectly controlling the seller or charged with responsibility for
1071 the seller's business activities (A) has, at any time during the previous

1072 ten fiscal years, been convicted of a felony or pleaded nolo contendere
1073 to a felony charge or a misdemeanor if such misdemeanor involved
1074 fraud, including, but not limited to, a violation of any business
1075 opportunity law, franchise law, securities law or unfair or deceptive
1076 practices law, embezzlement, fraudulent conversion, misappropriation
1077 of property or restraint of trade, provided any denial, suspension or
1078 revocation hereunder shall be in accordance with the provisions of
1079 section 46a-80; (B) is permanently or temporarily enjoined by any court
1080 of competent jurisdiction from engaging in or continuing any conduct
1081 or practice involving business opportunity or securities activities, the
1082 seller-purchaser-investor relationship or fraudulent conduct,
1083 including, but not limited to, a violation of any business opportunity
1084 law, franchise law, securities law or unfair or deceptive practices law,
1085 embezzlement, fraudulent conversion, misappropriation of property
1086 or restraint of trade; (C) is the subject of a cease and desist order,
1087 consent order or order imposing fines entered by the commissioner
1088 within the past ten years and involving a violation of this chapter or
1089 chapter 672a; or (D) is the subject of any state or federal agency order
1090 or any securities or commodities self-regulatory organization sanction
1091 entered within the past ten years and involving (i) business
1092 opportunity activities or the seller-purchaser-investor relationship, or
1093 (ii) fraud, including, but not limited to, a violation of any business
1094 opportunity law, franchise law, securities law or unfair or deceptive
1095 practices law, embezzlement, fraudulent conversion, misappropriation
1096 of property or restraint of trade; (6) the seller's enterprise or method of
1097 business, or that of the business opportunity, includes or would
1098 include activities which are illegal where performed; (7) the business
1099 opportunity or the offering of the business opportunity has worked or
1100 tended to work a fraud upon purchaser-investors or would so operate;
1101 or (8) the seller's literature or advertising is misleading, incorrect,
1102 incomplete or deceptive.

1103 (b) The commissioner may by order summarily postpone or
1104 suspend the effectiveness of the registration of a business opportunity
1105 pending final determination of any proceeding under this section.

1106 Upon the entry of such order, said commissioner shall promptly notify
1107 the registrant or applicant of the business opportunity that it has been
1108 entered and of the reasons for such entry and that within fifteen days
1109 after receipt by said commissioner of a written request the matter will
1110 be set down for a hearing. If no hearing is requested and none is
1111 ordered by the commissioner, such order will remain in effect until
1112 modified or vacated by said commissioner. If a hearing is requested,
1113 said commissioner may modify or vacate such order or extend it until
1114 final determination.

1115 (c) No stop order may be entered under this section except as
1116 provided in subsection (b) of this section without: (1) Appropriate
1117 prior notice to the applicant or registrant of a business opportunity; (2)
1118 opportunity for a hearing; and (3) the issuance of written findings of
1119 fact and conclusions of law by the commissioner, provided, if the
1120 commissioner has entered a stop order denying effectiveness to a
1121 business opportunity under this section, the commissioner, in the
1122 commissioner's discretion, may deny any subsequent application for
1123 registration of such business opportunity without such notice,
1124 opportunity for a hearing and written findings of fact and conclusions
1125 of law, if the commissioner makes the findings in subsection (a) of this
1126 section and notifies the seller in writing of such denial.

1127 (d) The commissioner may vacate or modify a stop order if he finds
1128 that the conditions which prompted its entry have changed or that it is
1129 otherwise in the public interest to do so.

1130 (e) Notwithstanding the provisions of this section, the commissioner
1131 may deem an application for registration of any business opportunity
1132 to be abandoned if the applicant fails to respond to any request for
1133 information required under sections 36b-60 to 36b-80, inclusive, as
1134 amended by this act, or any regulations adopted pursuant to said
1135 sections. The commissioner shall notify the applicant in writing that if
1136 such information is not submitted within sixty days of such written
1137 notification, the application shall be deemed abandoned. Any

1138 registration fee paid prior to the date an application is deemed
1139 abandoned pursuant to this subsection shall not be refunded.
1140 Abandonment of an application pursuant to this subsection shall not
1141 preclude the applicant from submitting a new application for
1142 registration under this chapter. The hearing requirement in subsection
1143 (c) of this section shall not apply to abandonment pursuant to this
1144 subsection.

1145 Sec. 7. Subsection (b) of section 36b-72 of the general statutes is
1146 repealed and the following is substituted in lieu thereof (*Effective*
1147 *October 1, 2009*):

1148 (b) (1) Whenever the commissioner finds as the result of an
1149 investigation that any person [or persons have] has violated any of the
1150 provisions of sections 36b-60 to 36b-80, inclusive, as amended by this
1151 act, or any regulation, rule or order adopted or issued under said
1152 sections, the commissioner may send a notice to such person [or
1153 persons] by certified mail, return receipt requested, or by any express
1154 delivery carrier that provides a dated delivery receipt. Any such notice
1155 shall include: (A) A reference to the title, chapter, regulation, rule or
1156 order alleged to have been violated; (B) a short and plain statement of
1157 the matter asserted or charged; (C) the maximum fine that may be
1158 imposed for such violation; and (D) [the time and place for the hearing.
1159 Such hearing shall be fixed for a date not earlier] a statement indicating
1160 that such person may file a written request for a hearing on the matters
1161 asserted not later than fourteen days after receipt of the notice. [is
1162 mailed.]

1163 (2) The commissioner shall hold a hearing upon the charges made
1164 unless such person [or persons fail] fails to appear at the hearing. Such
1165 hearing shall be held in accordance with the provisions of chapter 54.
1166 After the hearing if the commissioner finds that the person [or persons
1167 have] has violated any of the provisions of sections 36b-60 to 36b-80,
1168 inclusive, as amended by this act, or any regulation, rule or order
1169 adopted or issued under said sections, the commissioner may, in

1170 addition to any other remedy authorized by said sections, order that a
1171 fine not exceeding one hundred thousand dollars per violation be
1172 imposed upon such person. [or persons.] If such person [or persons
1173 fail] fails to appear at the hearing, the commissioner may, as the facts
1174 require, order that a fine not exceeding one hundred thousand dollars
1175 per violation be imposed upon such person. [or persons.] The
1176 commissioner shall send a copy of any order issued pursuant to this
1177 subsection by certified mail, return receipt requested, or by any
1178 express delivery carrier that provides a dated delivery receipt, to any
1179 person [or persons] named in such order.

1180 Sec. 8. Section 36b-79 of the general statutes is repealed and the
1181 following is substituted in lieu thereof (*Effective October 1, 2009*):

1182 [Within] Not later than one hundred and twenty days [following]
1183 after the end of the seller's most recent fiscal year and each year
1184 thereafter, each seller whose business opportunity has been registered
1185 under sections 36b-60 to 36b-80, inclusive, as amended by this act, shall
1186 renew the registration by submitting to the commissioner: (1) An
1187 annual renewal registration fee of one hundred dollars, which shall be
1188 nonrefundable; (2) an application filed in accordance with the
1189 requirements of subsection [(a)] (b) of section [36b-65] 36b-62, as
1190 amended by this act, reflecting all amendments as of the date of filing;
1191 (3) a disclosure document filed in accordance with the requirements of
1192 sections 36b-62, as amended by this act, and 36b-63, as amended by
1193 this act, reflecting all amendments, clearly marked, since the date of
1194 the most recent disclosure document that was filed with the
1195 commissioner, or, if no such amendments have been made, an affidavit
1196 so stating; and (4) financial statements in accordance with the
1197 requirements of subsection (b) of section [36b-65] 36b-62, as amended
1198 by this act. In the event that the seller fails to submit the fee and
1199 information within the time period and in accordance with
1200 requirements of this section, the registration of such seller's business
1201 opportunity shall terminate.

1202 Sec. 9. Section 36b-80 of the general statutes is repealed and the
1203 following is substituted in lieu thereof (*Effective October 1, 2009*):

1204 No person shall make or cause to be made orally or in any
1205 document filed with the commissioner or in any proceeding,
1206 investigation or examination under sections 36b-60 to 36b-80, inclusive,
1207 as amended by this act, any statement which is, at the time and in the
1208 light of the circumstances under which it is made, false or misleading
1209 in any material respect or, in connection with the statement, omit to
1210 state a material fact necessary to make the statement made, in the light
1211 of the circumstances under which it was made, not false or misleading.

1212 Sec. 10. Subsection (a) of section 36b-15 of the general statutes is
1213 repealed and the following is substituted in lieu thereof (*Effective*
1214 *October 1, 2009*):

1215 (a) The commissioner may, by order, deny, suspend or revoke any
1216 registration or, by order, restrict or impose conditions on the securities
1217 or investment advisory activities that an applicant or registrant may
1218 perform in this state if the commissioner finds that (1) the order is in
1219 the public interest, and (2) the applicant or registrant or, in the case of a
1220 broker-dealer or investment adviser, any partner, officer, or director,
1221 any person occupying a similar status or performing similar functions,
1222 or any person directly or indirectly controlling the broker-dealer or
1223 investment adviser: (A) Has filed an application for registration which
1224 as of its effective date, or as of any date after filing in the case of an
1225 order denying effectiveness, was incomplete in any material respect or
1226 contained any statement which was, in light of the circumstances
1227 under which it was made, false or misleading with respect to any
1228 material fact; (B) has wilfully violated or wilfully failed to comply with
1229 any provision of sections 36b-2 to 36b-33, inclusive, as amended by this
1230 act, or a predecessor statute or any regulation or order under said
1231 sections or a predecessor statute; (C) has been convicted, within the
1232 past ten years, of any misdemeanor involving a security, any aspect of
1233 [the securities business] a business involving securities, commodities,

1234 investments, franchises, business opportunities, insurance, banking or
1235 finance, or any felony, provided any denial, suspension or revocation
1236 of such registration shall be in accordance with the provisions of
1237 section 46a-80; (D) is permanently or temporarily enjoined by any
1238 court of competent jurisdiction from engaging in or continuing any
1239 conduct or practice involving any aspect of [the securities or
1240 commodities business] a business involving securities, commodities,
1241 investments, franchises, business opportunities, insurance, banking or
1242 finance; (E) is the subject of a cease and desist order of the
1243 commissioner or an order of the commissioner denying, suspending,
1244 or revoking registration as a broker-dealer, agent, investment adviser
1245 or investment adviser agent; (F) is the subject of any of the following
1246 sanctions that are currently effective or were imposed within the past
1247 ten years: (i) An order issued by the securities administrator of any
1248 other state [, Canadian province or territory,] or by the Securities and
1249 Exchange Commission or the Commodity Futures Trading
1250 Commission denying, suspending or revoking registration as a
1251 broker-dealer, agent, investment adviser, investment adviser agent or a
1252 person required to be registered under the Commodity Exchange Act,
1253 7 USC 1 et seq., as from time to time amended, and the rules and
1254 regulations thereunder, or the substantial equivalent of those terms, as
1255 defined in sections 36b-2 to 36b-33, inclusive, as amended by this act,
1256 (ii) an order of the Securities and Exchange Commission or
1257 Commodity Futures Trading Commission suspending or expelling
1258 such applicant, registrant or person from a national securities or
1259 commodities exchange or national securities or commodities
1260 association registered under the Securities Exchange Act of 1934 or the
1261 Commodity Exchange Act, 7 USC 1 et seq., as from time to time
1262 amended, or, in the case of an individual, an order of the Securities
1263 and Exchange Commission or an equivalent order of the Commodity
1264 Futures Trading Commission barring such individual from association
1265 with a broker-dealer or an investment adviser, (iii) a suspension,
1266 expulsion or other sanction issued by a national securities exchange or
1267 other self-regulatory organization registered under federal laws

1268 administered by the Securities and Exchange Commission or the
1269 Commodity Futures Trading Commission if the effect of the sanction
1270 has not been stayed or overturned by appeal or otherwise, (iv) a
1271 United States Post Office fraud order, [or] (v) a denial, suspension,
1272 revocation or other sanction issued by the commissioner or any other
1273 state or federal financial services regulator based upon nonsecurities
1274 violations of any state or federal law under which a business involving
1275 investments, franchises, business opportunities, insurance, banking or
1276 finance is regulated, or (vi) a cease and desist order entered by the
1277 Securities and Exchange Commission, a self-regulatory organization or
1278 the securities agency or administrator of any other state or Canadian
1279 province or territory; but the commissioner may not (I) institute a
1280 revocation or suspension proceeding under this subparagraph more
1281 than five years from the date of the sanction relied on, and (II) enter an
1282 order under this subparagraph on the basis of an order under any
1283 other state act unless that order was based on facts which would
1284 constitute a ground for an order under this section; (G) may be denied
1285 registration under federal law as a broker-dealer, agent, investment
1286 adviser, investment adviser agent or as a person required to be
1287 registered under the Commodity Exchange Act, 7 USC 1 et seq., as
1288 from time to time amended, and the rules and regulations
1289 promulgated thereunder, or the substantial equivalent of those terms
1290 as defined in sections 36b-2 to 36b-33, inclusive, as amended by this
1291 act; (H) has engaged in fraudulent, dishonest or unethical practices in
1292 the securities, [or] commodities, investment, franchise, business
1293 opportunity, banking, finance or insurance business, including abusive
1294 sales practices in the business dealings of such applicant, registrant or
1295 person with current or prospective customers or clients; (I) is insolvent,
1296 either in the sense that the liabilities of such applicant, registrant or
1297 person exceed the assets of such applicant, registrant or person, or in
1298 the sense that such applicant, registrant or person cannot meet the
1299 obligations of such applicant, registrant or person as they mature; but
1300 the commissioner may not enter an order against a broker-dealer or
1301 investment adviser under this subparagraph without a finding of

1302 insolvency as to the broker-dealer or investment adviser; (J) is not
1303 qualified on the basis of such factors as training, experience, and
1304 knowledge of the securities business, except as otherwise provided in
1305 subsection (b) of this section; (K) has failed reasonably to supervise: (i)
1306 The agents or investment adviser agents of such applicant or
1307 registrant, if the applicant or registrant is a broker-dealer or investment
1308 adviser; or (ii) the agents of a broker-dealer or investment adviser
1309 agents of an investment adviser, if such applicant, registrant or other
1310 person is or was an agent, investment adviser agent or other person
1311 charged with exercising supervisory authority on behalf of a
1312 broker-dealer or investment adviser; (L) in connection with any
1313 investigation conducted pursuant to section 36b-26 or any examination
1314 under subsection (d) of section 36b-14, has made any material
1315 misrepresentation to the commissioner or upon request made by the
1316 commissioner, has withheld or concealed material information from,
1317 or refused to furnish material information to the commissioner,
1318 provided, there shall be a rebuttable presumption that any records,
1319 including, but not limited to, written, visual, audio, magnetic or
1320 electronic records, computer printouts and software, and any other
1321 documents, that are withheld or concealed from the commissioner in
1322 connection with any such investigation or examination are material,
1323 unless such presumption is rebutted by substantial evidence; (M) has
1324 wilfully aided, abetted, counseled, commanded, induced or procured a
1325 violation of any provision of sections 36b-2 to 36b-33, inclusive, as
1326 amended by this act, or a predecessor statute or any regulation or
1327 order under such sections or a predecessor statute; [or] (N) after notice
1328 and opportunity for a hearing, has been found within the previous ten
1329 years: (i) By a court of competent jurisdiction, to have wilfully violated
1330 the laws of a foreign jurisdiction under which the business of
1331 securities, commodities, investments, franchises, business
1332 opportunities, insurance, banking or finance is regulated; (ii) to have
1333 been the subject of an order of a securities regulator of a foreign
1334 jurisdiction denying, revoking or suspending right to engage in the
1335 business of securities as a broker-dealer, agent, investment adviser,

1336 investment adviser agent or similar person; or (iii) to have been
1337 suspended or expelled from membership by or participation in a
1338 securities exchange or securities association operating under the
1339 securities laws of a foreign jurisdiction. As used in this subparagraph,
1340 "foreign" means a jurisdiction outside of the United States; or (O) has
1341 failed to pay the proper filing fee; but the commissioner may enter
1342 only a denial order under this subparagraph, and the commissioner
1343 shall vacate any such order when the deficiency has been corrected.
1344 The commissioner may not institute a suspension or revocation
1345 proceeding on the basis of a fact or transaction known to the
1346 commissioner when the registration became effective unless the
1347 proceeding is instituted within one hundred eighty days of the
1348 effective date of such registration.

1349 Sec. 11. Subsection (d) of section 36b-27 of the general statutes is
1350 repealed and the following is substituted in lieu thereof (*Effective*
1351 *October 1, 2009*):

1352 (d) (1) Whenever the commissioner finds as the result of an
1353 investigation that any person has violated any of the provisions of
1354 sections 36b-2 to 36b-33, inclusive, or any regulation, rule or order
1355 adopted or issued under said sections, the commissioner may send a
1356 notice to (A) such person, (B) any other person that directly or
1357 indirectly controls such person and that was a cause of the violation of
1358 said sections or any such regulation, rule or order, due to an act or
1359 omission such other person knew or should have known would
1360 contribute to such violation, or (C) any other person that has materially
1361 aided in such violation, by registered mail, return receipt requested, or
1362 by any express delivery carrier that provides a dated delivery receipt.
1363 Any such notice shall include: (i) A reference to the title, chapter,
1364 regulation, rule or order alleged to have been violated; (ii) a short and
1365 plain statement of the matter asserted or charged; (iii) the maximum
1366 fine that may be imposed for such violation; and (iv) [the time and
1367 place for the hearing. Any such hearing shall be fixed for a date not
1368 earlier] a statement indicating that such person may file a written

1369 request for a hearing on the matters asserted not later than fourteen
 1370 days after receipt of the notice. [is mailed.]

1371 (2) [The] If a hearing is requested within the time specified in the
 1372 notice, the commissioner shall hold a hearing upon the charges made
 1373 unless such person fails to appear at the hearing. Any such hearing
 1374 shall be held in accordance with the provisions of chapter 54. After the
 1375 hearing if the commissioner finds that the person has violated, caused
 1376 a violation or materially aided in the violation of any of the provisions
 1377 of sections 36b-2 to 36b-33, inclusive, as amended by this act, or any
 1378 regulation, rule or order adopted or issued under said sections, the
 1379 commissioner may, in the commissioner's discretion and in addition to
 1380 any other remedy authorized by said sections, order that a fine not
 1381 exceeding one hundred thousand dollars per violation be imposed
 1382 upon such person. If such person fails to appear at the hearing, the
 1383 commissioner may, as the facts require, order that a fine not exceeding
 1384 one hundred thousand dollars per violation be imposed upon such
 1385 person. The commissioner shall send a copy of any order issued
 1386 pursuant to this subsection by registered mail, return receipt
 1387 requested, or by any express delivery carrier that provides a dated
 1388 delivery receipt, to any person named in such order.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	36b-61
Sec. 2	<i>October 1, 2009</i>	36b-62
Sec. 3	<i>October 1, 2009</i>	36b-63
Sec. 4	<i>October 1, 2009</i>	36b-64
Sec. 5	<i>October 1, 2009</i>	36b-65
Sec. 6	<i>October 1, 2009</i>	36b-68
Sec. 7	<i>October 1, 2009</i>	36b-72(b)
Sec. 8	<i>October 1, 2009</i>	36b-79
Sec. 9	<i>October 1, 2009</i>	36b-80
Sec. 10	<i>October 1, 2009</i>	36b-15(a)
Sec. 11	<i>October 1, 2009</i>	36b-27(d)

Statement of Purpose:

To clarify the business opportunity registration process; enhance disclosures by the seller of a business opportunity; and enhance the enforcement authority of the Banking Commissioner.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]