ENGROSSED SENATE AMENDMENTS
TO
ENGROSSED HOUSE
BILL NO. 1202 By: Inman of the House

and

Aldridge of the Senate

An Act relating to securities; amending 71 O.S. 2001, Section 803, which relates to the Oklahoma Business Opportunity Sales Act; modifying provision related to certain exemption; modifying provision related to certain notice period; and providing an effective date.

AMENDMENT NO. 1. Page 4, lines 9 and 10, after the word "Franchising" on line 9 and before the comma on line 10, strike all language

AMENDMENT NO. 2. Page 4, line 20, after the word "Franchising" and before the comma, strike all language

AMENDMENT NO. 3. Page 1, strike the title to read

"[securities - Oklahoma Business Opportunity Sales Act - modifying provisions - effective date]"

Passed the Senate the 20th day of April, 2011.

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Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____, 2011.

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Presiding Officer of the House of Representatives

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An Act relating to securities; amending 71 O.S. 2001, Section 803, which relates to the Oklahoma Business Opportunity Sales Act; modifying provision related to certain exemption; modifying provision related to certain notice period; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 71 O.S. 2001, Section 803, is amended to read as follows:

Section 803. The following business opportunities are exempt from Sections 806 through 811 of this title:

1. Any offer or sale of a business opportunity for which the immediate cash payment made by the purchaser for any business opportunity is at least Twenty-five Thousand Dollars ($25,000.00) if the immediate cash payment does not exceed twenty percent (20%) of the purchaser's net worth as determined exclusive of principal residence, furnishings therein, and automobiles. The Administrator

may by rule withdraw or further condition the availability of this exemption.

2. Any offer or sale of a business opportunity for which the purchaser is required to make a payment to the seller or a person recommended by the seller not to exceed Five Hundred Dollars ($500.00). For purposes of this paragraph, "payment" means the total amount the purchaser becomes obligated to pay to the seller or to any third party either prior to or at the time of delivery of the products, equipment, supplies or services or within one (1) year of the commencement of operation of the business opportunity by the purchaser. If payment is over a period of time, "payment" shall include the sum of the down payment and the total periodic payments. If the purchaser may enter at different levels, "payment" means the total sum the purchaser is obligated to pay to enter at the level chosen by the purchaser.

3. Any offer or sale of a business opportunity where the seller has a net worth of not less than One Million Dollars ($1,000,000.00) as determined on the basis of the seller's most recent audited financial statements, prepared within thirteen (13) months of such offer or sale in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards. Net worth may be determined on a consolidated basis where the seller is at least eighty percent (80%) owned by one person and that person expressly guarantees the obligations of the

seller with regard to the offer or sale of any business opportunity claimed to be exempt under this paragraph. The Administrator may by rule withdraw or further condition the availability of this exemption.

4. Any offer or sale of a business opportunity where the purchaser has a net worth of not less than Two Hundred Fifty Thousand Dollars ($250,000.00). Net worth shall be determined exclusive of principal residence, furnishings therein, and automobiles. The Administrator may by rule withdraw or further condition the availability of this exemption.

5. Any offer or sale of a business opportunity where the purchaser is a bank, savings and loan association, trust company, insurance company, credit union, investment company as defined by the Investment Company Act of 1940, pension or profit sharing trust or other financial institution or institutional buyer or a dealer registered pursuant to the Oklahoma Securities Act, where the purchaser is acting for itself or in a fiduciary capacity.

6. Any offer or sale of a franchise as defined in Section 802 of this title provided that the seller delivers to each purchaser ~~at the earlier of the first personal meeting, or ten (10) business~~ fourteen (14) calendar days prior to the earlier of the execution by a purchaser of any contract or agreement imposing a binding legal obligation on the purchaser or the payment by a purchaser of any

consideration in connection with the offer or sale of the business opportunity, one of the following disclosure documents:

a. A Uniform Franchise Offering Circular prepared in accordance with the guidelines adopted by the North American Securities Administrators Association, Inc., or

b. A disclosure document prepared pursuant to the Federal Trade Commission rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, 16 C.F.R. Section 436.

For the purposes of this paragraph, a personal meeting shall mean a face-to-face meeting between the purchaser and the seller or their representatives, which is held for the purpose of discussing the offer or sale of a business opportunity. The Administrator may by rule adopt any amendment to the Uniform Franchise Offering Circular that has been adopted by the North American Securities Administrators Association, Inc. or any amendment to the disclosure document prepared pursuant to the Federal Trade Commission rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, 16 C.F.R. Section 436, that has been adopted by the Federal Trade Commission.

7. Any offer or sale of a business opportunity for which the required cash payment made by a purchaser to participate in any

business opportunity does not exceed Seven Hundred Fifty Dollars ($750.00) and the required payment is made for:

a. the not-for-profit sale of sales demonstration equipment, material or samples, and/or

b. product inventory sold to the purchaser at a bona fide wholesale price.

8. Any offer or sale of a business opportunity which the Administrator exempts by order or a class of business opportunities which the Administrator exempts by rule upon the finding that such exemption would not be contrary to public interest and that registration would not be necessary or appropriate for the protection of purchasers.

9. Any business which is operated under a lease or license on the premises of the lessor or licenser as long as such business is incidental to the business conducted by the lessor or the licenser on such premises, including, without limitation, leased departments, licensed departments and concessions.

SECTION 2. This act shall become effective November 1, 2011.

Passed the House of Representatives the 17th day of March, 2011.

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Presiding Officer of the House of Representatives

Passed the Senate the ____ day of _____, 2011.

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Presiding Officer of the Senate