

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
COMMISSIONER OF COMMERCE**

**IN THE MATTER OF OFFERS OF
FRANCHISES MADE ON THE INTERNET**

ORDER

WHEREAS, the Commissioner of Commerce (hereinafter the "Commissioner") is charged with the administration of the Minnesota Franchise Law;

WHEREAS, Minn. Stat. §80C.03(g) of the Minnesota Franchise Law provides, in part, that "the registration requirement imposed by section 80C.02 shall not apply to any transaction which the Commissioner by rule or order exempts as not being within the purposes of this chapter and the registration of which the Commissioner finds is not necessary or appropriate in the public interest or for the protection of investors";

WHEREAS, the Commissioner recognizes that the Internet, the World Wide Web or similar proprietary or common carrier electronic system (collectively the "Internet") has facilitated greatly the ability of one person to communicate with a large number of persons, and that a communication made on the Internet may be directed not only to the specific recipients but also to anyone with access to the Internet;

WHEREAS, the Commissioner acknowledges that a communication made on the Internet about a franchise offering ("Internet Offer") may be construed as an "offer" to sell a franchise for purposes of Minn. Stat. §80C.01 of the Minnesota Franchise Law; and

WHEREAS, the Commissioner has determined that it is not necessary or appropriate in the public interest or for the protection of Minnesota franchisees to require the registration of an Internet Offer of a franchise that is not sold in Minnesota under certain conditions;

NOW, THEREFORE, THE COMMISSIONER ORDERS THAT:

1) Pursuant to Minn. Stat. §80C.03 of the Minnesota Franchise Law, Internet Offers of a franchise are exempted from the registration requirements of the Minnesota Franchise Law if the following conditions are observed:

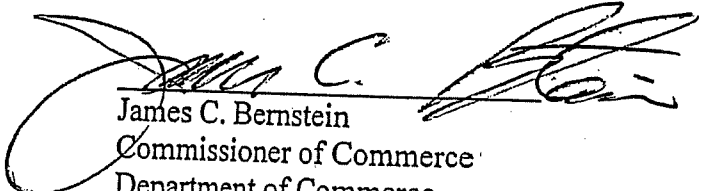
- (A) The Internet Offer indicates, directly or indirectly, that the franchise(s) is not being offered to the residents of Minnesota and that the franchise is not to be located in Minnesota;
- (B) The Internet Offer is not directed to any person in Minnesota by or on behalf of the franchisor or anyone acting with the franchisor's knowledge; and

(C) No franchise(s) is sold in Minnesota by or on behalf of the franchisor until the offering has been registered and declared effective and the Minnesota Uniform Franchise Offering Circular has been delivered to the purchaser prior to the sale and in compliance with the Minnesota Franchise Law.

2) Nothing in this Order shall preclude a franchisor from relying upon any other applicable exemption pursuant to Minn. Stat. §80C.03 of the Minnesota Franchise Law.

3) This Order shall remain in effect until modified or rescinded by the Commissioner.

Dated: 12/4/02



James C. Bernstein
Commissioner of Commerce
Department of Commerce
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