

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
COMMISSIONER OF COMMERCE

IN THE MATTER OF FRANCHISE
ADVERTISING 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.09 of the Minnesota Franchise Law provides that no person may publish in this state any advertisement offering to sell a franchise required to be registered under this Law unless the advertisement has been filed with the Commissioner at least five business days prior to its first publication; and

WHEREAS, Minn. Stat. §80C.01 of the Minnesota Franchise Law defines "advertisement" to mean a communication published in connection with an offer or sale of a franchise; and

WHEREAS, Minn. Stat. §80C.09 subd. 1 of the Minnesota Franchise Law also states that such advertising may be filed "...at such later time as the Commissioner by rule or order may allow..."; and

WHEREAS, Minn. Stat. §80C.05 subd. 2 of the Minnesota Franchise Law states that the "Commissioner shall have power to place such conditions, limitations, and restrictions on any registration as may be necessary to carry out the purpose of sections 80C.01 to 80C.22"; and

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 to communicate, and that a communication made on the Internet may be directed to both specific recipients but also to anyone with access to the Internet; and

WHEREAS, the Commissioner recognizes that communication made on the Internet about a franchise offering may be construed as advertising requiring the person making that communication to file that communication with the Commissioner; and

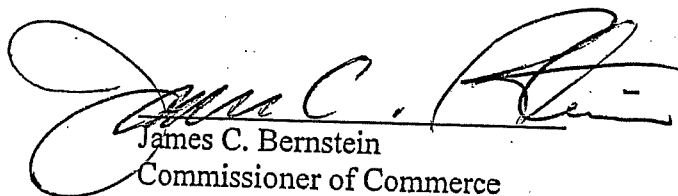
WHEREAS, the Commissioner has determined that it is not necessary or appropriate in the public interest or for the protection of Minnesota franchisees to require that Internet advertising be filed with the Commissioner under certain conditions;

NOW, THEREFORE, THE COMMISSIONER ORDERS THAT:

- 1) Pursuant to Minn. Stat. §80C.09 of the Minnesota Franchise Law, any communication about a franchise offering posted on a website on the Internet is exempted from the requirements for filing advertising with the Commissioner if the following conditions are observed:
 - (A) The franchisor discloses to the Commissioner the Uniform Resource Locator ("URL") address or similar address or device identifying the location of the Internet Advertising on the cover page of a franchise offering circular included with an application for registration that is effective in Minnesota;
 - (B) The Internet Advertising is not directed to any person in Minnesota or to anyone intending to locate a franchise in Minnesota by or on behalf of the franchisor or anyone acting with the franchisor's knowledge.
- 2) Nothing in this Order shall be construed to affect the Commissioner's ability to bring an action against any person for violating any antifraud provision 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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