Defined terms: "Area franchise" § 14–201
"Commissioner" § 14–201
"Franchise" § 14–201
"Franchisee" § 14–201
"Franchise fee" § 14–201
"Franchisor" § 14–201
"Person" § 1–101
"State" § 1–101
"Subfranchisor" § 14–201

14–217. ESCROW REQUIREMENTS.

(A) IN GENERAL.

IF THE COMMISSIONER FINDS THAT A FRANCHISOR HAS NOT MADE ADEQUATE FINANCIAL ARRANGEMENTS TO FULFILL THE FRANCHISOR'S OBLIGATIONS UNDER AN OFFERING, THE COMMISSIONER MAY REQUIRE THE FRANCHISOR TO ESCROW FRANCHISE FEES OR OTHER MONEY PAID BY A FRANCHISEE OR SUBFRANCHISOR UNTIL THE OBLIGATIONS HAVE BEEN SATISFIED.

(B) SURETY BONDS.

(1) AT THE OPTION OF THE FRANCHISOR, THE FRANCHISOR MAY POST AN ADEQUATE SURETY BOND AS PROVIDED BY REGULATIONS OF THE COMMISSIONER.

(2) THE TOTAL LIABILITY OF THE SURETY UNDER THE BOND MAY NOT EXCEED THE PENAL SUM OF THE BOND.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 56, § 351.

In subsection (a) of this section, the former reference to the Commissioner finding it "necessary and appropriate for the protection of prospective franchisees or subfranchisors" is deleted as surplusage.

Also in subsection (a) of this section, the former specific references to "real estate, improvements, equipment, inventory, trainings, or other items included in the offering" are deleted as included in the general reference to a "franchisor's obligations under an offering".

Also in subsection (a) of this section, the former reference to the Commissioner requiring escrow "by rule or regulation" is deleted as inaccurate.

Also in subsection (a) of this section, the former word "impound" is deleted as unnecessary in light of the word "escrow".