

EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, A PERSON MAY NOT OFFER TO SELL, THROUGH ADVERTISEMENT OR OTHERWISE, OR SELL A FRANCHISE IN THE STATE UNLESS THE OFFER OF THE FRANCHISE HAS BEEN REGISTERED UNDER THIS SUBTITLE.

(B) PENALTY.

A PERSON WHO WILLFULLY SELLS A FRANCHISE KNOWINGLY VIOLATING THIS SECTION IS GUILTY OF A FELONY AND, ON CONVICTION, IS SUBJECT FOR EACH VIOLATION TO A FINE NOT EXCEEDING \$10,000 OR IMPRISONMENT NOT EXCEEDING 5 YEARS OR BOTH.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 56, § 347(a) and, as it related to a violation of former § 347, § 365A(a).

As to the referenced exceptions, see §§ 14-203 and 14-214 of this subtitle.

Defined terms: "Advertisement" § 14-201

"Franchise" § 14-201

"Person" § 1-101

14-229. FRAUD OR DECEIT; UNTRUE STATEMENTS OR OMISSIONS OF MATERIAL FACT.

(A) PROHIBITED ACTS.

IN CONNECTION WITH AN OFFER TO SELL OR SALE OF A FRANCHISE, A PERSON, DIRECTLY OR INDIRECTLY, MAY NOT:

(1) EMPLOY A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD;

(2) MAKE AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT A MATERIAL FACT NECESSARY TO MAKE A STATEMENT NOT MISLEADING IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE; OR

(3) ENGAGE IN AN ACT, PRACTICE, OR COURSE OF BUSINESS THAT OPERATES OR WOULD OPERATE AS A FRAUD OR DECEIT ON ANOTHER PERSON.

(B) PENALTY.

A PERSON WHO WILLFULLY SELLS A FRANCHISE KNOWINGLY VIOLATING THIS SECTION IS GUILTY OF A FELONY AND, ON CONVICTION, IS SUBJECT FOR EACH VIOLATION TO A FINE NOT EXCEEDING \$10,000 OR IMPRISONMENT NOT EXCEEDING 5 YEARS OR BOTH.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 56, § 347(b) and, as it related to a violation of former § 347, § 365A(a).