

STATE OF INDIANA  
OFFICE OF THE SECRETARY OF STATE  
SECURITIES DIVISION

IN THE MATTER OF:

FRANCHISES OFFERED ON THE  
INTERNET, BUT NOT SOLD IN INDIANA

ORDER NO. 97-0378 AO

FILED

DEC 24 1997

Comes now Bradley W. Skolnik, Indiana Securities Commissioner, and, pursuant to the authority vested in him by the Indiana Franchise Disclosure Law at IC 23-2-2.5-47, orders:

1. An attempt to offer, or a solicitation of an offer to purchase, a franchise, made via a communication on a proprietary or "common carrier" electronic delivery system, the World Wide Web or the Internet (to all of which the term "Internet" applies for purposes of this order) is an "offer" of a franchise under the Indiana Franchise Disclosure Law.

2. The Commissioner has determined, after careful consideration, that it is not necessary or appropriate for the protection of Indiana investors to require the registration of a franchise which will be offered by a franchisor on the Internet, but not sold in Indiana. Furthermore, registration in Indiana of a franchise which will be offered on the Internet, but not sold in Indiana, would be an undue burden on a franchisor.

3. The exemption from registration of franchises offered by a franchisor on the Internet is conditioned on the following:

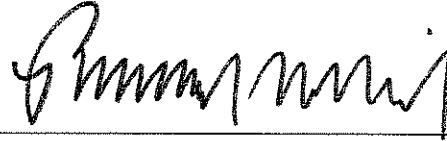
- a. The offer indicates, directly or indirectly, that such franchises will not be sold to persons in Indiana;
- b. An offer is not otherwise specifically directed to any person in Indiana by, or on behalf of, the franchisor; and
- c. No sales of such franchises are made in Indiana as a result of the offer.

4. Reliance on the exemption from registration provided under this administrative order does not preclude a franchisor from relying on any other exemption available under the Indiana Franchise Disclosure Law.

5. This administrative order shall be effective as of this date and shall remain in effect until such time as it is modified by the Commissioner.

APPROVED and ORDERED this 24th day of December, 1997

SUE ANNE GILROY  
Secretary of State



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BRADLEY W. SKOLNIK  
Indiana Securities Commissioner

