



Ohio Revised Code Section 1334.03 Prohibitions.

Effective: September 10, 1991

Legislation: House Bill 151 - 119th General Assembly

In connection with the sale or lease of a business opportunity plan, no seller or broker shall:

(A) Make any oral, written, or visual representation to a prospective purchaser concerning potential sales, income, or gross or net profit, unless:

(1) The seller possesses data to substantiate the representation and provides the data in writing to the prospective purchaser at least ten business days prior to the execution of an agreement selling or leasing the business opportunity plan;

(2) The written data provided by the seller discloses at least:

(a) The length of time the seller has been selling or leasing the specific business opportunity plan offered;

(b) The number of purchasers known to the seller to have made at least the same sales, income, or profit, from that business opportunity plan, and the percentage that number bears to the total number of purchasers of that business opportunity plan;

(c) The following notice in at least ten-point boldface type:

"CAUTION

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well."

(B) Make any false or misleading statement or engage in any deceptive or unconscionable act or practice;



(C) Make any representation that is inconsistent with the disclosures required by section 1334.02 of the Revised Code and division (A) of this section;

(D) Fail to maintain a complete set of books, records, and accounts with respect to each business opportunity plan sold or leased for a period of five years from the date an agreement selling or leasing the business opportunity plan is executed;

(E) Accept, as a down payment, before the goods that are necessary to begin the business opportunity plan are delivered to the purchaser, a sum in excess of twenty per cent of the initial payment, unless the sum in excess of twenty per cent is placed in an escrow account in this state until the purchaser notifies the escrow agent, in writing, that the goods have been delivered;

(F) Accept, from a purchaser, money or a promissory note for goods promised the purchaser and then permit more than two weeks beyond the promised date for delivery of the goods to elapse without:

(1) Making shipment or delivery of the goods;

(2) Making a full refund of all sums paid by the purchaser or returning the promissory note;

(3) Advising the purchaser of the duration of an extended delay and offering to provide, within two weeks, a full refund of all sums paid by the purchaser or return of the promissory note;

(4) Furnishing similar goods of equal or greater value as a good faith substitute.

(G) Use the phrase "secured investment" or any other representation that implies that a prospective purchaser's initial payment or promissory note is protected from loss if the only security is the value of the goods or services supplied to the purchaser by the seller or affiliated person;

(H) Represent that a purchaser's initial payment or promissory note is secured in any manner or that the seller provides a buy-back arrangement unless the seller has, in the manner provided for by section 1334.04 of the Revised Code, obtained a surety bond or established a trust account.