

**Received via e-mail on 7/7/2011 at 4:41 PM.**

Mr. Cantone:

Regarding the above draft, I have several comments and questions.

It would seem only that these exemptions do not address the FTC FDD requirements, so the franchisor would, it seems, have to provide that disclosure anyway, which is probably identical to that which a registered offering would be. The "Notice of Exemption" filing, with "any additional information" may very well grow to encompass all that is required under the regular application process.

The **Fractional Franchise** Exemption would require the franchisee to have been "in the same type of business" selling competitive goods or services for 2 years, presumably (but not explicitly) at the same location. In my experience, the "fractional franchise" has been acquired to sell different products or services. Examples would include sandwich food operations in gasoline convenience stores, shoe departments in clothing stores, and others. This definition would seem to require that the franchisee simply be taking on a different line of "competitive goods" to sell, such as Baskin-Robbins taking on Dairy Queen.

What happens if the administrator later determines that the franchise is not "fractional?"

The **Experienced Franchisor** exemption, in section (b)(vi) mandates filing "one copy of the franchisor's current franchise disclosure document prepared" pursuant to the FTC rule, along with the Notice of Exemption. The audited financial of the franchisor, along with the FDD plus the Notice of Exemption lends me to believe that that process is tantamount to a normal registration. Where is the "exemption," and what if the Notice belies the fact that the franchisor is not "experienced?"

I will probably be in touch with you, in the next few days, regarding an offering that I have submitted to your state, on behalf of a client. That which was filed is virtually identical to that which was approved last year, with the usual updates. There was an initial response that wanted 2 matters on the auditor's report changed, and that was responded to. Then we received a 3 page letter, requiring an additional 24 corrections for language that had been previously approved. I am compiling a comparison document, to question the changes.

*Samuel B. Morrison*  
MORRISON LAW OFFICES, P.C.  
25 Atlanta Street  
Suite D  
Marietta, Georgia 30060-1910  
(770) 794-0399  
Facsimile (770) 794-0304