

367.816 Agreement or arrangement for a business opportunity -- Requirements -- Effect of noncompliance -- Nonwaiverability.

- (1) Every agreement or arrangement for a business opportunity shall be in writing. Copies of the completed agreement and all other documents the offeror requires the consumer/investor to sign shall be given to the consumer/investor at the time they are signed.
- (2) Each business opportunity agreement shall set forth in easily legible form all of the following:
 - (a) The terms and conditions of all payments including the amount owed and a complete schedule for total payment;
 - (b) A detailed description of the acts or services the offeror or its affiliate undertake to perform for the consumer/investor;
 - (c) The offeror's name, telephone number, principal business address, by street and number, and the name and address of its agent in this state authorized to receive service of process;
 - (d) Whether the offeror is doing business as a corporation, partnership, or otherwise, and the state of its incorporation or organization;
 - (e) The estimated delivery dates of each installment and whether the items are to be delivered to the consumer/investor or are to be placed by the offeror at locations owned or managed by persons other than the consumer/investor;
 - (f) If applicable, the terms of the "buy-back" or "security" obligation of the offeror pursuant to KRS 367.801(5)(c)3.
 - (g) The name and address of each supplier of the items the offeror is to deliver to the consumer/investor; and
 - (h) The following statement in the form below in no smaller than ten (10) point boldface print:

STATEMENT OF CONSUMER INVESTOR RIGHTS

1. You have thirty (30) business days in which you may cancel this contract for any reason.
2. To cancel, you must mail or deliver a written notice to (Seller's name and street address) before (last date to mail or deliver notice). If mailed, the notice must be postmarked by the above date. If you deliver the notice, it must be delivered by the end of the normal business day on the above date.
3. We must promptly refund your payments, and within five (5) business days after you receive your refund, you must allow us to pick up anything we provided to you under this contract.
4. If we or our affiliates mislead you by what we say, or if we violate the Kentucky Business Opportunities Law, you may cancel this contract. To cancel, you must give written notice to us within one (1) year of the date of the contract.

5. If you cancel under this provision, you are entitled to a prompt refund of all amounts you have paid, less the value of items we delivered that you do not return.
 6. If we do not deliver items promised within thirty (30) days of the delivery date in your contract except for reasons beyond our control, you may cancel this contract and receive an immediate refund of amounts paid, less the value of items you do not return.
- (3) The offeror shall not take a negotiable instrument as evidence of the consumer's/investor's obligation unless the instrument on its face abrogates holder in due course status for its holder.
 - (4) The payment schedule in the agreement shall not require payment of more than twenty percent (20%) of the initial payment before delivery to the consumer/investor of the items to be supplied by the offeror, unless sums in excess of the twenty percent (20%) are placed in escrow until the consumer/investor advises the escrow agent in writing of the delivery of the items, or until the offeror presents the escrow agent with a bill of lading that proves timely delivery of the items. The consumer/investor shall not unreasonably withhold notice of delivery.
 - (5) A successor or assignee of the offeror's interest or rights in the agreement is subject to all equities, rights, and defenses of the consumer/investor against the offeror.
 - (6) Until the offeror has complied with this section, the buyer may cancel the purchase of a business opportunity by notifying the offeror in any manner and by any means of his intention to cancel.
 - (7) Any waiver by the consumer/investor of a business opportunity of the rights provided in this section is null and void and will not operate to relieve the offeror of any obligation placed upon him by KRS 367.801 to 367.819.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 329, sec. 6, effective July 15, 1994.