

OFFICE OF ATTORNEY GENERAL
Kentucky Office of Regulatory Relief
(Amendment)

40 KAR 12:410. Business opportunity ~~sellers~~~~forms~~.

RELATES TO: KRS ~~367.805, 367.807, 367.815~~~~[367.816, 367.990(13)]~~

STATUTORY AUTHORITY: KRS 15.180, 367.150(4), 367.805(4)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation amendment complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 15.180 authorizes the Attorney General to promulgate administrative regulations that will facilitate performing the duties and exercising the authority vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to recommend administrative regulations in the consumers' interest. KRS 367.805 requires business opportunity sellers to register with the Attorney General and provide certain information and documents. KRS 367.805 requires registered business opportunity sellers to renew registrations annually. KRS 367.805 and 367.815 require business opportunity sellers to submit surety bonds or cash certificates of deposit to the Attorney General. KRS 367.807 exempts certain offerors from the provisions of KRS 367.801 to 367.819. This administrative regulation establishes an online registration application process, an online renewal registration application process, a surety bond, and a cash bond/certificate of assignment for use by business opportunity sellers; and an online notice submission process for exempt offerors. ~~To provide forms which allow for the review of a prospective seller's offering of business opportunities for conformity with the business opportunity act and for the registration of the seller as such is needed.~~

Section 1. Business Opportunity Sellers Registration Application.

(1) The Attorney General must approve a business opportunity seller's registration application before a seller may sell business opportunities to Commonwealth of Kentucky residents. A business opportunity seller shall submit an online registration application using the "Business Opportunity Seller registration application portal" available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.

(2) When completing an online application, an applicant shall submit:

(a) Payment of the \$150.00 registration fee;

(b) The applicant's certificate of existence, authorization certificate from the Kentucky Secretary of State's office, or other evidence of the applicant's authority to transact business in Kentucky;

(c) A completed Business Opportunity Seller Surety Bond, Form A-1; a completed Business Opportunity Seller Cash Bond/Certificate of Deposit Assignment, Form A-2; a completed surety bond complying with KRS 367.815; or a completed cash bond/certificate of deposit assignment complying with KRS 367.815;

(d) A copy of applicant's current audited financial statement;

(e) Copies of all materials provided by the applicant to prospective consumers or investors; and

(f) Copies of all contracts used by the applicant.

~~[(1)] [A seller of business opportunities shall register with the Attorney General pursuant to KRS 367.805 if the seller's proposed activity meets the definition of a business opportunity set out in KRS 367.801.]~~

~~[(2)] [The Attorney General shall make the business opportunity determination pursuant to subsection (1) of this section consistent with the following information which shall be provided by the seller in affidavit form:]~~

- ~~[(a)] [The name of the business opportunity;]~~
- ~~[(b)] [The complete address and telephone number of the principle office;]~~
- ~~[(c)] [The address and telephone number of the principal office in Kentucky;]~~
- ~~[(d)] [A list of trade names, assumed names and all trademarks by which the offeror or the prospective consumer or investor will be doing business;]~~
- ~~[(e)] [A list of all officers and directors and salesmen of the offeror along with their home addresses, home telephone numbers and Social Security numbers;]~~
- ~~[(f)] [A description of the product or service to be offered;]~~
- ~~[(g)] [A description of any sales commission or other remuneration to be paid to anyone in connection with offers and sales of the business opportunities, including a list of persons and positions to receive commissions;]~~
- ~~[(h)] [A list of states in which the business opportunities have been or are being offered for sale;]~~
- ~~[(i)] [The proposed beginning date and length of time for offering this business opportunity in Kentucky;]~~
- ~~[(j)] [Information relating to the definition of a business opportunity found in KRS 367.801(5);]~~
- ~~[(k)] [A statement of whether the registrant or any of its officers, directors, or sales representatives has been a defendant or is currently a defendant in any litigation or declares bankruptcy within the last seven (7) years.]~~

~~[(3)]~~

- ~~[(a)] [The information required pursuant to subsection (2) of this section shall be supplied by the seller on a "Determination of Registration for Sale of Business Opportunity Form A-1" (July 1994 edition) which is incorporated by reference.]~~
- ~~[(b)] [Copies of the "Determination of Registration for Sale of Business Opportunity Form A-1" may be inspected, copied, or obtained at the Office of Attorney General, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, Kentucky 40602, between the hours of 8:30 a.m. and 4:30 p.m. Monday through Friday.]~~

(3) Applicants shall submit additional information or documents for their application within thirty (30) days of any request by the Attorney General. The Attorney General may deny any application if an applicant fails to timely complete the application by not paying the application fee or not submitting requested missing information or required documents.

Section 2. Business Opportunity Seller Renewal Application.

- (1) An approved business opportunity seller registration application shall be valid for one (1) year from written confirmation of registration approval provided by the Attorney General. [If the Attorney General determines that a seller of business opportunities must register pursuant to KRS 367.805, the seller shall complete a "Business Opportunity Annual Registration Statement Form A-2" which shall contain the following information in affidavit form:]
- (2) Thirty (30) days prior to the expiration of a current registration, a registrant may renew its registration for another annual period by submitting an online renewal application using the "Business Opportunity Sellers Renewal application portal" available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.
- (3) When completing the online renewal application portal, a registrant shall submit:
 - (a) Payment of the \$50.00 renewal fee;
 - (b) A copy of the registrant's audited financial statement for the preceding year;
 - (c) A completed Business Opportunity Seller Surety Bond, Form A-1; a completed Business Opportunity Seller Cash Bond/Certificate of Deposit Assignment, Form A-2; a completed surety bond complying with KRS 367.815; or a completed cash

bond/certificate of deposit complying with KRS 367.815; when the registrant's prior filed security is not current.

(d) Copies of any new materials provided by the registrant to prospective consumers/investors since last application; and

(e) Copies of any new contracts used by registrant since last application.

(4) A registrant shall submit additional information or documents for its renewal application within thirty (30) days of any request by the Attorney General. The Attorney General may deny any renewal application if a registrant fails to timely complete the application by not paying the renewal application fee or not submitting requested missing information or required documents.

(5) Any registration renewal by the Attorney General shall not be construed to waive or condone any violation of law that occurred prior to any registration renewal and shall not prevent subsequent proceedings against the registrant.

~~{(2)}~~

~~{(a)} [The name of the business opportunity;]~~

~~{(b)} [The complete address and telephone number of the principle office;]~~

~~{(c)} [The address and telephone number of the principal office in Kentucky;]~~

~~{(d)} [A list of trade names, assumed names and all trademarks by which the offeror or the prospective consumer or investor will be doing business;]~~

~~{(e)} [A list of all officers and directors and salesmen of the offeror along with their home addresses, home telephone numbers and Social Security numbers;]~~

~~{(f)} [The length of time, the business opportunity has been offered for sale;]~~

~~{(g)} [A statement of whether the registrant or company or any of its officers, directors, or sales representatives have been involved in or is currently involved in any legal proceeding as set forth in KRS 367.805(1)(d);]~~

~~{(h)} [A statement of whether the registrant or any of its officers, directors, or sales representatives has been a defendant or is currently a defendant in any litigation or declares bankruptcy within the last seven (7) years;]~~

~~{(i)} [A statement of whether the registrant or the company offering the business opportunity or its officers, directors, or sales representatives has been a party to any legal cause of action brought by a consumer/investor of the business opportunity within the last seven (7) years and, if so, the name and address of individual bringing such action;]~~

~~{(j)} [The names and addresses, and telephone numbers for people buying a business opportunity from offeror during the past two (2) years;]~~

~~{(k)} [The names and addresses of individuals requesting a return of money from the purchase of a business opportunity during the past three (3) years;]~~

~~{(l)} [A complete description of the training to be provided to the consumer investor;]~~

~~{(m)} [A complete description of the actual services the offeror of the business opportunity will provide for the consumer investor.]~~

~~{(3)}~~

~~{(a)} [The information required pursuant to subsection (1) of this section shall be supplied by the seller on a "Business Opportunity Annual Registration Statement Form A-2" (September 1994 edition) which is incorporated by reference.]~~

~~{(b)} [Copies of the "Business Opportunity Annual Registration Statement Form A-2" (September 1994 edition) may be inspected, copied, or obtained at the Office of Attorney General, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, Kentucky 40602, between the hours of 8:30 a.m. and 4:30 p.m. Monday through Friday.]~~

Section 3. Exempt Offerors.

(1) A business claiming a KRS 367.807 exemption from the provisions of KRS 367801 to 367.819 shall submit a notice of exemption using the "Franchise Exemption Notice portal" available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.

(2) When completing the online exemption notice portal, the offeror shall submit:

(a) The offeror's certificate of existence; authorization certificate from the Kentucky Secretary of State's office, or other evidence of the applicant's authority to transact business in Kentucky; and

(b) A copy of the offeror's Federal Trade Commission (FTC) Franchise Disclosure Document (FDD) when the KRS 367.807(1)(a) franchise exemption is claimed.

Section 4. Written notification of material changes. A registered business opportunity seller and offeror submitting an exemption notice shall notify the Attorney General, in writing, within fourteen (14) days of any material change to information provided in the registrant's original application, any renewal application, or application attachments.

Section 5. Record Requests. A business opportunity seller or offeror submitting an exemption notice shall make requested records, documents, and information readily available to the Attorney General for inspection and copying upon request.

Section 6. Incorporation by Reference.

(1) The following materials are incorporated by reference:

(a) "Business Opportunity Seller Surety Bond", Form A-1, Dec. 2025;

(b) "Business Opportunity Seller Cash Bond/CD Assignment", Form A-2, Dec. 2025;

(c) "Business Opportunity Seller Registration application portal," Dec. 2025.

(d) "Business Opportunity Sellers Renewal application portal," Dec. 2025.

(e) "Franchise Exemption Notice portal," Dec. 2025.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of Attorney General, Capital Complex East, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40602, Monday through Friday, between the hours of 8:00 a.m. and 4:30 p.m. This material is also available on the Office's website, <https://ag.ky.gov/Pages/default.aspx>.

STEPHEN B. HUMPHRESS, Executive Director
RUSSELL COLEMAN, Attorney General

APPROVED BY AGENCY: December 11, 2025

FILED WITH LRC: December 12, 2025 at 4:15 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on February 24, 2026, at 11:00 a.m. Eastern Time at the Office of Administrative Hearings, Conference Room B, 105 Sea Hero Road, Suite 2, Conference Room B, Frankfort, Kentucky 40601. Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify the Attorney General in writing at least five (5) working days prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m. on February 28, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Stephen B. Humphress, Executive Director, Kentucky Office of Regulatory Relief, Kentucky Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, phone: 502-696-5408, fax: (502) 573-8317, email: steve.humphress@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Stephen B. Humphress

Subject Headings: Attorney General; Occupations and Professions; and Bonds

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes an online registration application process, an online registration renewal application process, a surety bond, and a cash bond/certificate of assignment for use by business opportunity sellers. This administrative regulation establishes an online notice submission process for exempt offerors.

(b) The necessity of this administrative regulation:

This regulation is necessary since it allows the Office of Attorney General ("Attorney General") to perform its statutory mandates.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 15.180 directs the Attorney General to promulgate administrative regulations that will facilitate the performance of duties vested in the Attorney General and the Department of Law by law. KRS 367.150(4) requires the Department of Law to study the operation of all laws, rules, administrative regulations, orders, and state policies affecting consumers and to recommend administrative regulations in the consumers' interest. KRS 367.805 requires business opportunity sellers to register with the Attorney General and provide information and documents. KRS 367.805 requires registered business opportunity sellers to renew registrations annually. KRS 367.805 authorizes the Attorney General to promulgate administrative regulations as needed. KRS 367.805 and 367.815 require registered business opportunity sellers to submit surety bonds or cash certificate of deposits to the Attorney General. KRS 367.807 exempts certain offerors from the provisions of KRS 367.801 to 367.819.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation establishes an online registration application process, an online registration renewal application process, a surety bond, and a cash bond/certificate of assignment for use by business opportunity sellers. This administrative regulation establishes an online notice submission process for exempt offerors.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

This amendment makes changes to comply with KRS Chapter 13A drafting requirements. This amendment removes unnecessary language from the regulation as duplicative of the language incorporated by reference in the online registration application and renewal application portals. The amendment updates the incorporated bond and cash certificate of deposit forms so that they are easier to understand and consistent in appearance. The amended regulation provides better notice about when regulated businesses must submit registration renewal applications. The amendment provides for online credit card and electronic fund transfer payment processes through the application portals.

(b) The necessity of the amendment to this administrative regulation:

The Attorney General needs to update regulations to conform to KRS Chapter 13A drafting requirements. The Attorney General needs to update its regulation and forms to make both more easily understood by regulated entities and consumers. The Attorney General also needs to modernize application and documentation processes by providing for online processes.

(c) How the amendment conforms to the content of the authorizing statutes:

As previously explained, KRS 15.180, 367.150(4), 367.805, 367.807 and 367.815 authorize the administrative regulation amendments.

(d) How the amendment will assist in the effective administration of the statutes:

The regulation amendments will cause the regulation to be more easily understood by regulated entities and consumers. The regulation amendments will provide online application, reporting and payment processes for regulated entities and cause the forms used by regulated entities to be more easily understood and completed.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? No

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This regulation amendment affects one (1) registered business opportunity seller and approximately three hundred (300) exempt offerors each year, and the Attorney General.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

Future business opportunity sellers will be required to use the online registration application processes. The registered business opportunity seller will be required to use the new online renewal application process. Applicants and registrants may use the new incorporated bond forms. Exempt offerors will be required to use the new online notice processes. The Attorney General will review and process the online submissions.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

Future applicants, the business opportunity seller and exempt offerors will bear no additional costs as they will be able to use the online processes at no additional cost. The Attorney General will incur no additional costs to process the online applications and notices.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

It is intended that the online registration application, renewal application, exempt notice processes, and online payment processes will make it easier for applicants and regulated entities to apply and provide required documentation and notices. In addition, it is intended that the regulation amendments will result in saved administrative resources and time and provide quicker processing time by Attorney General staff.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

There are no costs to implement this administrative regulation amendment.

(b) On a continuing basis:

There are no continuing costs to implement this administrative regulation amendment.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

There are no additional costs associated with implementing this administrative regulation amendment.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There is no anticipated increase in fees or funding necessary to amend this administrative regulation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation amendment does not directly or indirectly increase any fees.

(10) TIERING: Is tiering applied?

No. This administrative regulation applies equally to all business opportunity sellers.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 15.180, 367.150(4), 367.805, 367.807, and 367.815

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

1960 Ky. Acts ch. 68, Art. II, sec. 1; 1972 Ky. Acts ch. 4, sec. 4; and 1978 Ky. Acts ch. 315, sec. 3.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

The Office of Attorney General, Kentucky Office of Regulatory Relief ("Attorney General") is the promulgating agency. The regulation does not affect any other state agencies.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:There are no expenditures to administer this administrative regulation for the first year.

For subsequent years:There will be no expenditures to administer the administrative regulation in subsequent years.

2. Revenues:

For the first year:The administrative regulation will generate no revenues to the Attorney General in the first year.

For subsequent years:The administrative regulation will generate no revenues to the Attorney General in subsequent years.

3. Cost Savings:

For the first year:In the first year, the Attorney General will have cost savings from efficient and quicker processing of registration applications, renewal applications and exemption notices which are difficult to estimate at this time but estimated to be de minimis.

For subsequent years:In subsequent years, the Attorney General will have cost savings from efficient and quicker processing of registration applications, renewal applications and exemption notices which are difficult to estimate at this time but estimated to be de minimis.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

The administrative regulation will not affect any local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:This administrative regulation will not cause expenditures by local entities for the first year.

For subsequent years:This administrative regulation will not cause expenditures by local entities in subsequent years.

2. Revenues:

For the first year:Local entities will receive no revenues from this administrative regulation for the first year.

For subsequent years:Local entities will receive no revenues from this administrative regulation in subsequent years.

3. Cost Savings:

For the first year:Local entities will receive no cost savings from this administrative regulation for the first year.

For subsequent years:Local entities will receive no cost savings from this administrative regulation for subsequent years.

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

Applicants and business opportunity sellers will be affected by this administrative regulation. Exempt offerors will be affected by this administrative regulation.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:This administrative regulation will not cause applicants, business opportunity sellers and exempt offerors to have any additional expenditures for the first year.

For subsequent years:This administrative regulation will not cause applicants, business opportunity sellers and exempt offerors to have any additional expenditures for subsequent years.

2. Revenues:

For the first year:Applicants, business opportunity sellers and exempt offerors will not receive any revenues directly from this administrative regulation for the first year.

For subsequent years:Applicants, business opportunity sellers and exempt offerors will not receive any revenues directly from this administrative regulation for subsequent years.

3. Cost Savings:

For the first year:For the first year, applicants and business opportunity sellers will receive cost savings from quicker processing of online registration and renewal application submissions. Exempt offerors will receive cost savings from simple online notice submissions. These cost savings are difficult to estimate at this time but estimated to be de minimis.

For subsequent years:For subsequent years, applicants and business opportunity sellers will receive cost savings from quicker processing of online registration and renewal application submissions. Exempt offerors will receive cost savings from simple online notice submissions. These cost savings are difficult to estimate at this time but estimated to be de minimis.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:

This administrative regulation will have no fiscal impact. The new regulation merely creates an online notice submission process for exempt offerors, creates an online registration and renewal application process for business opportunity sellers, and establishes a surety bond form and cash certificate of deposit for business opportunity sellers to use. The regulation does not affect any other governmental agencies or local governments. The regulation does not establish any fees. For these reasons, the regulation is not expected to have any significant fiscal impact.

(b) Methodology and resources used to reach this conclusion:

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and the resulting facts from this regulation. The Attorney General used staff resources in determining the fiscal impact.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):

There is not an expected "major economic impact" from this regulation for the Attorney General, any local entities, or affected regulated entities.

(b) The methodology and resources used to reach this conclusion:

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and resulting facts from this regulation. The Attorney General used staff resources in reaching the conclusion that no overall negative or adverse major economic impact results from this administrative regulation.