

OFFICE OF ATTORNEY GENERAL
Kentucky Office of Regulatory Relief
(Amended at ARRS Committee)

40 KAR 12:410. Business opportunity sellers.

RELATES TO: KRS 367.805, 367.807, 367.815

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.

Section 1. Business Opportunity Sellers Registration Application.

(1)

(a) A business opportunities seller shall not make sales to Commonwealth of Kentucky residents unless the Attorney General approves the business opportunity seller's registration application in accordance with this administrative regulation.

(b) An applicant 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) To complete 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.

(3) An applicant 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 or renewal application shall be valid for one (1) year from the date of written confirmation of registration or renewal approval provided by the Attorney General.

(2) Thirty (30) days prior to the expiration of a current registration, a registrant may renew its registration. Registration renewal shall be accomplished 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) To complete 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 or certificate of deposit complying with KRS 367.815; if the registrant's prior filed security is not current.

(d) Copies of any new materials provided by the registrant to prospective consumers or 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.

Section 3. Exempt Offerors.

(1) A business claiming a KRS 367.807 exemption from the provisions of KRS 367.801 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) To complete 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) if 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 business records, documents, and information related to an investigation or inquiry 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; and
- (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>.

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