

Act No. 1
Public Acts of 1989
Approved by the Governor
April 3, 1989
Filed with the Secretary of State
April 3, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Rep. Bennett

ENROLLED HOUSE BILL No. 4030

AN ACT to amend section 31 of Act No. 269 of the Public Acts of 1974, entitled as amended "An act to regulate the offer, sale, and purchase of franchises; to prohibit fraudulent practices in relation thereto; to prohibit pyramid and chain promotions; to impose regulatory duties upon certain state departments and agencies; and to provide penalties," as amended by Act No. 92 of the Public Acts of 1984, being section 445.1531 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 31 of Act No. 269 of the Public Acts of 1974, as amended by Act No. 92 of the Public Acts of 1984, being section 445.1531 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 31. (1) A person who offers or sells a franchise in violation of section 5 or 8, is liable to the person purchasing the franchise for damages or rescission, with interest at 6% per year from the date of purchase until June 20, 1984 and 12% per year thereafter and reasonable attorney fees and court costs.

(2) A person may not file or maintain suit under this section if the franchisee received a written offer before suit and at a time when the franchisee owned the franchise to refund the consideration paid together with interest from the date of purchase at 1 percentage point above the rate provided by subsection (1), less the amount of income received on the franchise, conditioned only upon tender by the person of all items received by the franchisee for the consideration and not sold, and failed to accept the offer within 30 days of its receipt, or if the franchisee received the offer before suit and at a time when the franchisee did not own the franchise, unless the franchisee rejected the offer in writing within 30 days of its receipt. The rescission offer shall recite the provisions of this section. If the franchise involves substantial building or substantial equipment and a significant period of time has elapsed since the sale of the franchise to the franchisee, the rescission offer may recognize depreciation, amortization, and other factors which bear upon the value of the franchise being returned to the franchisor.

(3) A person who offers or sells a franchise in violation of section 7a is liable to the person purchasing the franchise for damages caused by the noncompliance.

(4) In a proceeding under this act, damages may be based on reasonable approximations, but not on speculation.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved

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Governor.