

## Chapter SEC 34

## FRAUDULENT AND PROHIBITED PRACTICES

## SEC 34.01 Application of proceeds

History: Emergency rules covering general subject matter were adopted effective July 1, 1972.

SEC 34.01 Application of proceeds. A seller of franchises exempt from registration under ss. 553.22, 553.23 or 553.25, Stats., or registered under s. 553.21, Stats., or any person who is an officer, director or controlling person of the seller is deemed to employ a "fraudulent and prohibited practice" within the meaning of s. 553.41, Stats., and a "false, fraudulent and deceptive practice" within the meaning of s. 553.58 (1), Stats., if the person applies or authorizes or causes to be applied any material part of the proceeds from the sale of the franchises in any material way contrary to the purpose specified in advertising or oral representations utilized in connection with the offer to sell or sale of the franchise or in the prospectus required to be utilized in connection with the offer to sell or sale of franchises registered under s. 553.21, Stats., and, in any event, for a purpose not reasonably related to the business of the franchisor, as described in the advertising, oral representations, prospectus or any contract related to the offer or sale of the franchise.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; am., Register, December, 1980, No. 300, eff. 1-1-81.