

1987 Assembly Bill 957

Date of enactment: **April 22, 1988**  
Date of publication: **May 2, 1988**

## 1987 Wisconsin Act 381

AN ACT *to renumber and amend* 551.31 (2), 553.29 (1) and 553.76; *to amend* 551.22 (1) (b) (intro.), 551.22 (4), 551.22 (10), 551.23 (3) (a), 551.23 (3) (c) and (d), 551.23 (8) (c), 551.23 (12), 551.23 (15) (intro.), 551.235 (5) (a), 551.27 (14), 551.31 (1), 551.31 (2), 551.52 (1) (b), 552.05 (7) (intro.), 553.03 (4) (a) 1, 553.21 (1), 553.22, 553.23, 553.24 (1), (2) and (4) (intro.), 553.31 (1) and 553.58 (1); and *to create* 20.185 (1) (h), 551.24 (6), 551.31 (1m), 551.31 (2) (b) 2, 551.31 (2) (c), 551.31 (7), 551.605, 553.22 (5), 553.235, 553.24 (6), 553.27 (11), 553.29 (1) (b), 553.31 (3), 553.605 and 553.76 (2) of the statutes, *relating to* various changes in the laws regulating securities and franchise investments, granting rule-making authority, making an appropriation and providing a penalty.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

1987-88

1988-89

**20.185 Securities, office of the commissioner of**

(1 ) SECURITIES, CORPORATE TAKE-OVER AND FRANCHISE INVESTMENT REGULATION

(h ) Investor education fund

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SECTION 2. 20.185 (1) (h) of the statutes is created to read:

20.185 (1) (h) *Investor education fund*. The amounts in the schedule for educating residents of this state about securities and franchise investments as provided in ss. 551.605 (2) and 553.605 (2). All moneys received from administrative assessments under ss. 551.605 (1) and 553.605 (1) shall be credited to this appropriation.

SECTION 3. 551.22 (1) (b) (intro.) of the statutes is amended to read:

551.22 (1) (b) (intro.) Unless subject to a letter of credit of a bank or a savings and loan association as provided in this paragraph, a revenue obligation of an issuer specified under par. (a) that is payable from payments to be made in respect of property or money used under a lease, sale or loan arrangement by or for a nongovernmental industrial or commercial enterprise is exempted subject to rules adopted by the commissioner. A revenue obligation is exempt from any filing under the rules of the commissioner if it is the subject of an irrevocable letter of credit from a bank or a savings and loan association in favor of holders of the revenue obligations providing for payment of all principal ~~and interest on~~ of the revenue obligations and all accrued and unpaid interest to the date of an event of default on the revenue obligations, and the letter of credit is accompanied by an opinion of counsel stating:

SECTION 4. 551.22 (4) of the statutes is amended to read:

551.22 (4) Any security issued by and representing an interest in or a debt of, or guaranteed by, any federal savings bank or federal savings and loan association, or any savings and loan or similar association organized under the laws of any state and licensed to do business in this state, but not including the capital stock of a state-chartered capital stock savings and loan association.

SECTION 5. 551.22 (10) of the statutes is amended to read:

551.22 (10) Any investment contract or other security issued in connection with an employe's stock purchase, savings, pension, profit sharing or similar benefit plan if, in the case of plans which are not qualified under section 401 of the internal revenue code and which provide for contribution by employes, there is filed with the commissioner prior to any offer or sale a notice specifying the terms of the plan and any additional information required under s. 551.24 (6), and the commissioner does not by order disallow the exemption within 10 days after the date of filing the

notice or, if additional information is required under s. 551.24 (6), within 10 days after the date of filing that information.

SECTION 6. 551.23 (3) (a) of the statutes is amended to read:

551.23 (3) (a) The issuer has any securities registered under ~~s. section 12~~ of the securities exchange act of 1934 or exempted from registration by ~~s. section 12 (g) (2) (G) or 12 (g) (3)~~ of that act, ~~has any securities exempted from registration by rule 12g3-2 (b) under the securities exchange act of 1934 and an exemption for the offer and sale of the securities has been obtained under s. 551.235~~, or the issuer is an investment company registered under the investment company act of 1940; or

SECTION 7. 551.23 (3) (c) and (d) of the statutes are amended to read:

551.23 (3) (c) Securities of the same class have been registered under the securities act of 1933 and there is filed with the commissioner prior to any offer or sale a notice of the proposed sale ~~and~~ other information as the commissioner by rule requires and any additional information required under s. 551.24 (6), and the commissioner does not by order disallow the exemption within 10 days after the date of filing the notice or, if additional information is required under s. 551.24 (6), within 10 days after the date of filing that information; or

(d) The issuer or applicant files with the commissioner such information, and an undertaking to file such reports, as the commissioner by rule requires and any additional information required under s. 551.24 (6), and the commissioner does not by order disallow the exemption within 10 days after the date of filing such information required by rule or, if additional information is required under s. 551.24 (6), within 10 days after the date of filing that information.

SECTION 8. 551.23 (8) (c) of the statutes is amended to read:

551.23 (8) (c) An investment company as defined under 15 USC 80a-3 or a pension or profit-sharing trust, except that an offer or sale of a security to a pension or profit-sharing trust or to an individual retirement plan, including a self-employed individual retirement plan, is not exempt under this paragraph unless the trust or plan is administered by a bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser or savings and loan association that has investment control.

SECTION 9. 551.23 (12) of the statutes is amended to read:

551.23 (12) Any transaction pursuant to an offer to existing security holders of the issuer, other than an entity designated in s. 551.52 (1) (b), or of a corporation which, prior to the offer, owned substantially all of the voting stock of the issuer or whose controlling persons organized the issuer for the purpose of the offer, if no commission or other remuneration other than a standby commission is paid or given directly or indirectly for soliciting any security holder in this state, and if, prior to any offer or sale, the issuer files a notice specifying the terms of the offer ~~and~~, all other information which the commissioner by rule requires and any additional information required under s. 551.24 (6), and the commissioner does not by order disallow the exemption within 10 days after the date of filing the notice or, if additional information is required under s. 551.24 (6), within 10 days after the date of filing that information. "Security holders" include persons who at the time of the transaction are holders of convertible securities, nontransferable warrants or transferable warrants exercisable within not more than 90 days of their issuance.

SECTION 10. 551.23 (15) (intro.) of the statutes is amended to read:

551.23 (15) (intro.) Any offer or sale of an evidence of debt issued by a corporation organized and operated not for private profit but exclusively for religious, educational, benevolent or charitable purposes if the security qualifies under this exemption, and if there has been filed with the commissioner prior to any offer or sale a notice identifying the security and the basis of its qualification under this exemption together with any further information as the commissioner by rule or order requires, and any additional information required under s. 551.24 (6), and if the commissioner does not by order disallow the exemption within 10 days or such shorter period as the commissioner permits after the date of filing the notice or, if additional information is required under s. 551.24 (6), within 10 days after the date of filing that information. The security qualifies under this exemption if the issuer and any predecessor have not defaulted within the current fiscal year or the 3 preceding fiscal years in any fixed interest or principal obligation; and the issuer complies with rules of the commissioner with respect to trust indentures and the use of a prospectus; and the security qualifies under either of the following:

SECTION 11. 551.235 (5) (a) of the statutes is amended to read:

551.235 (5) (a) *Federal registration statement.* A registration statement for the securities has been filed under the securities act of 1933 before any offer of the securities in this state and has been declared effective by the U.S. securities and exchange commission before any sale of the securities in this state.

SECTION 12. 551.24 (6) of the statutes is created to read:

551.24 (6) With respect to an exemption under s. 551.22 or 551.23 that is perfected if a notice or other

information is filed with the commissioner and the commissioner does not disallow the exemption within a specified period after the filing, the commissioner may, within 10 days after the filing date of the notice or other information, require that additional information reasonably related to the offering be filed. If the commissioner requires additional information, the date by which the commissioner may disallow the exemption is 10 days after the date of filing that information.

SECTION 13. 551.27 (14) of the statutes is amended to read:

551.27 (14) A registration statement relating to ~~redeemable securities issued by an open end management company or unit investment trust as defined in the investment company act of 1940, or to securities issued by any class of financial institutions,~~ which the commissioner by rule determines, may be amended after its effective date so as to increase the specified amount of securities proposed to be offered. The amendment becomes effective when the commissioner so orders.

SECTION 14. 551.31 (1) of the statutes is amended to read:

551.31 (1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless so licensed under this chapter, ~~except that a person who effects transactions in this state exclusively for the account of or exclusively in offers to sell or sales to persons specified in s. 551.23 (8) is not required to be so licensed as provided in sub. (1m).~~

SECTION 15. 551.31 (1m) of the statutes is created to read:

551.31 (1m) A person who effects transactions in this state exclusively for the account of or exclusively in offers to sell or sales to persons specified in s. 551.23 (8) is not required to be licensed under this chapter as a broker-dealer or agent. A person who gives a group presentation relating to an issuer or the securities of an issuer at a meeting or seminar sponsored by a broker-dealer licensed under this chapter is not required to be licensed under this chapter as an agent, if the person makes no solicitations, offers or sales of the issuer's securities on an individual basis with any person in this state and if the person does not in any other way transact business in this state as an agent.

SECTION 16. 551.31 (2) of the statutes is amended to read:

551.31 (2) It is unlawful for any broker-dealer or issuer to employ an agent to represent it in this state unless the agent is licensed for that broker-dealer or issuer or the agent is excluded from the licensing requirement under sub. ~~(4)~~ (1m). No agent may at any time represent more than one broker-dealer or issuer, except an agent may represent licensed broker-dealers or issuers of securities registered under this chapter, or both, who are affiliated by direct or indirect common control. When an agent terminates employment with a broker-dealer or issuer, or terminates those activities

which make that individual an agent, or transfers employment between licensed broker-dealers, the agent, the broker-dealer or the issuer shall promptly file a notice in accordance with rules adopted by the commissioner.

SECTION 17. 551.31 (2) of the statutes, as affected by 1987 Wisconsin Act ... (this act), is renumbered 551.31 (2) (a) and amended to read:

551.31 (2) (a) It is unlawful for any broker-dealer or issuer to employ an agent to represent it in this state unless the agent is licensed for that broker-dealer or issuer ~~or in this state~~, the agent is excluded from the licensing requirement under sub. (1m). ~~No or the agent is not required under sub. (7) to obtain a separate license to represent that issuer.~~

(b) An agent may not at any time represent in this state more than one broker-dealer or issuer and may not simultaneously represent both a broker-dealer and an issuer, except an agent may represent licensed any of the following:

1. Licensed broker-dealers or issuers of securities registered under this chapter, or both, who are affiliated by direct or indirect common control.

(d) When an agent terminates employment with a broker-dealer or issuer, or terminates those activities which make that individual an agent, or transfers employment between licensed broker-dealers, the agent, the broker-dealer or the issuer shall promptly file a notice in accordance with rules adopted by the commissioner.

SECTION 18. 551.31 (2) (b) 2 of the statutes is created to read:

551.31 (2) (b) 2. More than one broker-dealer or more than one issuer if an application that complies with par. (c) is filed with the commissioner and approved by the commissioner in writing.

SECTION 19. 551.31 (2) (c) of the statutes is created to read:

551.31 (2) (c) The commissioner shall by rule specify the required contents and form of an application filed under par. (b) 2.

SECTION 20. 551.31 (7) of the statutes is created to read:

551.31 (7) An agent may make offers and sales of securities for more than one issuer that is a limited partnership or for more than one issuer that is an investment company without obtaining a separate license for each limited partnership or investment company represented by the agent if all of the following conditions are satisfied:

(a) The limited partnerships have the same general partner, or the investment companies have the same investment adviser.

(b) An application to amend the agent's license to name each additional limited partnership or investment company as the agent's employer is filed with and approved by the commissioner before the agent makes any offers or sales in this state on behalf of the

additional limited partnership or investment company.

SECTION 21. 551.52 (1) (b) of the statutes is amended to read:

551.52 (1) (b) An indefinite amount of securities shall be registered under a registration statement relating to redeemable securities issued by an open-end management company or a face amount certificate company, as defined in the investment company act of 1940, and the applicant shall pay the fee under par. (a). The registrant also shall, within 60 days after the end of each fiscal year during which its registration statement is effective and within 60 days after the registration is terminated, ~~pay a fee of \$1,500 or~~ file a report on a form prescribed by rule of the commissioner ~~specifying its sales in which the registrant does any of the following:~~

1. Elects not to report the information under subd. 2 and instead pays a fee of \$1,500.

2. Reports the amount of securities sold to persons in this state during the preceding fiscal year or, if the registration is terminated, during the portion of the preceding fiscal year during which the registration was effective, and pay pays a fee of 0.05% of the dollar amount of the securities sold to persons in this state, but not less than \$150 nor more than \$1,500.

SECTION 22. 551.605 of the statutes is created to read:

**551.605 Administrative assessments; investor education.** (1) IMPOSING ADMINISTRATIVE ASSESSMENT WITH CERTAIN ORDERS. (a) The commissioner or any officer designated by the commissioner may impose an administrative assessment in the amount provided in par. (b) on any person who is subject to an order that is issued under s. 551.24, 551.28, 551.34, 551.53, 551.60 or 551.63 (1) and (2) in any of the following circumstances:

1. Following a hearing under s. 551.61 if the notice delivered to all interested parties includes notice of the commissioner's authority to impose an administrative assessment under this subsection.

2. Pursuant to an order that is issued under any of the sections referred to in this paragraph and that is stipulated to by each person subject to the administrative assessment.

(b) The amount of an administrative assessment imposed on any person under this subsection may not exceed \$5,000 for each act or omission that constitutes the basis for issuing the order under any of the sections referred to in par. (a), except that the amount of the administrative assessment may not exceed \$50,000 for any person subject to the order.

(c) The commissioner shall include any administrative assessment imposed under this subsection in the order issued under any of the sections referred to in par. (a) in the manner described in par. (a) 1 or 2.

(d) Upon the request of the commissioner, the department of justice may bring a civil action in the

circuit court for Dane county to compel payment of any unpaid administrative assessment, unless payment of the administrative assessment is stayed under s. 227.54.

(e) The administrative assessment under this subsection is in addition to any other penalty, remedy or sanction under this chapter.

(2) INVESTOR EDUCATION. All moneys collected from the administrative assessment under sub. (1) shall be credited to the appropriation under s. 20.185 (1) (h). Subject to s. 20.185 (1) (h), the commissioner shall use moneys credited to that appropriation to provide information to residents of this state about investments in securities to help investors and potential investors evaluate their investment decisions, protect themselves from unfair, inequitable or fraudulent offerings, choose their broker-dealers, agents or investment advisers more carefully, be alert for false or misleading advertising or other harmful practices, and know their rights as investors.

SECTION 23. 552.05 (7) (intro.) of the statutes is amended to read:

552.05 (7) (intro.) Notwithstanding s. 552.01 (6) (d), this section applies only to a target company that, as of the earlier of the initial public disclosure of the take-over offer by or on behalf of the offeror or the distribution of solicitation materials relating to the take-over offer by or on behalf of the offeror, meets the requirements of any one of the following:

SECTION 24. 553.03 (4) (a) 1 of the statutes is amended to read:

553.03 (4) (a) 1. A franchisee is granted the right to engage in the business of offering, selling or distributing goods or services under a marketing plan or system prescribed or suggested in substantial part by a franchisor; and

SECTION 25. 553.21 (1) of the statutes is amended to read:

553.21 (1) No person may sell or offer in this state any franchise unless the offer of the franchise has been registered under this chapter or exempted under s. 553.22, 553.23, 551.235 or 553.25.

SECTION 26. 553.22 of the statutes is amended to read:

**553.22 (title) Exempt public offers and sales; basis; disclosure.** There shall be exempted from s. 553.21 the offer to sell, ~~the offer to purchase, and the sale and the purchase~~ of a franchise if the ~~offeror, seller or purchaser~~ franchisor satisfies all of the following conditions:

(1) Has a net worth on a consolidated basis, according to its most recent audited financial statement, of not less than \$5,000,000; or ~~the franchisor~~ has a net worth, according to its most recent audited financial statement, of not less than \$3,000,000 and is at least 80% owned by a corporation which has a net worth on a consolidated basis, according to its most

recent audited financial statement, of not less than \$5,000,000;.

(2) Has had at least 25 franchisees conducting the business of the franchisor at 25 locations ~~in this state~~ at all times during the 5-year period immediately preceding the offer or sale; or has conducted business which is the subject of the franchise continuously for not less than 5 years preceding the offer or sale; or if any corporation which owns at least 80% of the franchisor has had at least 25 franchisees conducting the business of the franchisor at 25 locations ~~in this state~~ at all times during the 5-year period immediately preceding the offer or sale;.

(3) Discloses in writing the information prescribed by rule of the commissioner to each prospective franchisee at least 10 business days prior to the execution by the prospective franchisee of any binding franchise or other agreement or at least 10 business days prior to the receipt of any consideration, whichever first occurs; ~~and.~~

(4) ~~Files~~ Except as provided in s. 553.24 (6), files with the commissioner at least 10 days prior to the first offer, or sale or purchase of a franchise in this state relying on the exemption under this section a notice consisting of a copy of the information to be distributed to each prospective franchisee under sub. (3) together with the consent to service of process as specified in s. 553.27 (10).

SECTION 27. 553.22 (5) of the statutes is created to read:

553.22 (5) Annually files with the commissioner, within 120 days after the close of each fiscal year in which the franchisor makes any offers or sales in reliance on the exemption under this section, a copy of either its current offering circular prepared in the form required by rule of the commissioner under s. 553.27 (4) for offering circulars used in connection with a registered franchise or its current disclosure document prepared in the form required by 16 CFR 436.

SECTION 28. 553.23 of the statutes is amended to read:

**553.23 Private franchisee and subfranchisor sales exempted.** The offer or sale of a franchise by a franchisee for the franchisee's own account or the offer or sale of the entire area franchise owned by a subfranchisor for the subfranchisor's own account is exempted from s. 553.21 if the sale is not effected by or through a franchisor. A sale is not effected by or through a franchisor merely because a franchisor has a right to approve or disapprove a different franchisee or because a franchisor imposes or has the right to impose a fee or charge to reimburse the franchisor for reasonable and actual expenses incurred in connection with the sale.

SECTION 29. 553.235 of the statutes is created to read:

**553.235 Experienced franchisee exempt transactions.** (1) CONDITIONS OF EXEMPTION. Except as pro-

vided in sub. (2), a registration exemption is available for the offer or sale of a franchise that meets all of the following conditions:

(a) The immediate cash payment required by the franchisee upon purchase of the franchise is at least \$100,000 and does not exceed 20% of the franchisee's net worth, excluding the franchisee's principal residence, furnishings and automobiles for personal use.

(b) With respect to each sale in this state, the franchisor reasonably believes immediately before making the sale that the prospective franchisee, either alone or with the prospective franchisee's representative, has sufficient knowledge and experience in the type of business operated under the franchise that the prospective franchisee is capable of evaluating the merits and risks of the prospective franchise investment.

(2) EXCEPTIONS. (a) The exemption under sub. (1) is not available for the offer or sale of a franchise in which the franchisee would be a motor vehicle dealer or a motor vehicle distributor or wholesaler, as defined in s. 218.01 (1).

(b) The commissioner may, by rule or order, withdraw or further condition the availability of the exemption under sub. (1).

SECTION 30. 553.24 (1), (2) and (4) (intro.) of the statutes are amended to read:

553.24 (1) The commissioner may by order deny or revoke any exemption under s. 553.22, 553.23, 553.235 or 553.25 with respect to the offer or sale of a franchise for any of the grounds specified in s. 553.28 (1).

(2) If the public interest and the protection of investors so require, the commissioner may, by order, summarily deny or revoke any exemption under s. 553.22, 553.23, 553.235 or 553.25 with respect to the offer or sale of a franchise.

(4) (intro.) A person who offers or sells a franchise pursuant to an exemption under s. 553.22, 553.23, 553.235 or 553.25 after the exemption is denied or revoked by an order of the commissioner does not violate s. 553.21 if:

SECTION 31. 553.24 (6) of the statutes is created to read:

553.24 (6) Within 10 days after the filing date of the information required under s. 553.22 (4) or an application for an exemption under s. 553.25, the commissioner may require that additional information be filed if the commissioner determines that the information is reasonably necessary to establish an exemption under s. 553.22 or 553.25. If the commissioner requires additional information, the exemption is not effective until 10 days after the additional information is filed with the commissioner, unless a shorter period is permitted by the commissioner.

SECTION 32. 553.27 (11) of the statutes is created to read:

553.27 (11) (a) A registrant may withdraw a registration statement, registration renewal statement or an amendment to the registration statement, and an

applicant may withdraw an application for registration or an amendment to the application, if the registrant or applicant files with the commissioner a written request for withdrawal. Except as provided in par. (b), withdrawal is effective at 12 midnight of the day on which the withdrawal request is filed with the commissioner.

(b) Withdrawal is effective at the time and upon the conditions set by the commissioner by order if a proceeding to deny effectiveness to, or to postpone, suspend or revoke effectiveness of, the registration statement is pending when the request for withdrawal is filed or is begun within 30 days after the request for withdrawal is filed.

SECTION 33. 553.29 (1) of the statutes is renumbered 553.29 (1) (a) and amended to read:

553.29 (1) (a) If Except as provided in par. (b), if no order under s. 553.24, 553.28 or 553.60 is in effect, registration of the offer of franchises becomes effective at 12 midnight of the 15th business day after the filing of the application for registration or the last amendment thereto, or at such earlier time as the commissioner determines.

SECTION 34. 553.29 (1) (b) of the statutes is created to read:

553.29 (1) (b) If the commissioner requires the submission of additional information under s. 553.26 (20) before the registration of the offer of franchises becomes effective under par. (a) and if no order under s. 553.24, 553.28 or 553.60 is in effect, the registration becomes effective at 12 midnight of the 15th business day after the additional information is filed with the commissioner, or at such earlier time as the commissioner determines.

SECTION 35. 553.31 (1) of the statutes is amended to read:

553.31 (1) A Except as provided in sub. (3), a franchisor shall within 30 days after the happening of any material event affecting a registered franchise notify the commissioner in writing, by an application to amend the registration statement, of any material change in the information contained in the application as originally submitted, amended or renewed. The commissioner may by rule further define what shall be considered a material change for such purposes, and the circumstances under which a revised offering prospectus must accompany such application.

SECTION 36. 553.31 (3) of the statutes is created to read:

553.31 (3) If a franchisor and prospective franchisee in the offer or sale of a franchise negotiate changes to the terms or conditions of a franchise that is the subject of an effective registration statement, the franchisor is not required to amend the registration statement for purposes of that offer or sale. If the changes are material with respect to prospective franchisees who were not involved in negotiating the changes, the franchisor shall amend the registration

statement under sub. (1) for purposes of offers or sales involving those prospective franchisees.

SECTION 37. 553.58 (1) of the statutes is amended to read:

553.58 (1) The commissioner may make, amend and rescind any rules, forms and orders that are necessary to carry out this chapter, including rules and forms governing registration statements, applications and reports, defining any terms, whether or not used in this chapter, insofar as the definitions are not inconsistent with this chapter. The commissioner may define by rule false, fraudulent or deceptive practices in the offer and sale of franchises. The commissioner may also adopt rules with regard to advertising utilized in connection with exempt sales under s. 553.22 ~~or~~, 553.23 ~~or~~ 553.235 and which need not be filed under s. 553.53. For the purpose of rules and forms, the commissioner may classify franchises, persons and matters within the commissioner's jurisdiction, and prescribe different requirements for different classes. Rules shall be made and published and all administrative procedures, including hearings under s. 553.56 and issuance of orders, shall be in accordance with ch. 227.

SECTION 38. 553.605 of the statutes is created to read:

**553.605 Administrative assessments; investor education.** (1) IMPOSING ADMINISTRATIVE ASSESSMENT WITH CERTAIN ORDERS. (a) The commissioner or any officer designated by the commissioner may impose an administrative assessment in the amount provided in par. (b) on any person who is subject to an order that is issued under s. 553.24, 553.28, 553.53, 553.58 (1) and (2) or 553.60 in any of the following circumstances:

1. Following a hearing under s. 553.56 if the notice delivered to all interested parties includes notice of the commissioner's authority to impose an administrative assessment under this subsection.

2. Pursuant to an order that is issued under any of the sections referred to in this paragraph and that is stipulated to by each person subject to the administrative assessment.

(b) The amount of an administrative assessment imposed on any person under this subsection may not exceed \$5,000 for each act or omission that constitutes the basis for issuing the order under any of the sections referred to in par. (a), except that the amount of the administrative assessment may not exceed \$50,000 for any person subject to the order.

(c) The commissioner shall include any administrative assessment imposed under this subsection in the order issued under any of the sections referred to in par. (a) in the manner described in par. (a) 1 or 2.

(d) Upon the request of the commissioner, the department of justice may bring a civil action in the circuit court for Dane county to compel payment of any unpaid administrative assessment, unless pay-

ment of the administrative assessment is stayed under s. 227.54.

(e) The administrative assessment under this subsection is in addition to any other penalty, remedy or sanction under this chapter.

(2) INVESTOR EDUCATION. All moneys collected from the administrative assessment under sub. (1) shall be credited to the appropriation under s. 20.185 (1) (h). Subject to s. 20.185 (1) (h), the commissioner shall use moneys credited to that appropriation to provide information to residents of this state about franchise investments to help investors and potential investors evaluate their investment decisions, protect themselves from false, fraudulent or deceptive practices in connection with the offer, sale or purchase of a franchise, be alert for false or misleading advertising or other harmful practices, and know their rights as investors.

SECTION 39. 553.76 of the statutes is renumbered 553.76 (1) and amended to read:

553.76 (1) ~~Any~~ Except as provided in sub. (2), any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this chapter or any rule or order hereunder is void.

SECTION 40. 553.76 (2) of the statutes is created to read:

553.76 (2) This section does not apply to an agreement entered into between a franchisee and franchisor, or a general release executed by a franchisee, pursuant to settlement negotiations in connection with a bona fide dispute between the franchisee and franchisor.

SECTION 41. **Nonstatutory provisions; rules by the commissioner of securities.** The commissioner of securities shall submit the proposed rules required under section 551.31 (2) (c) of the statutes, as affected by this act, to the legislative council under section 227.15 (1) of the statutes no later than the first day of the 6th month beginning after the effective date of this SECTION.

SECTION 42. **Initial applicability.** (1) ADMINISTRATIVE ASSESSMENTS. (a) *Orders under securities laws.* The treatment of section 551.605 (1) of the statutes first applies to orders issued in the manner described in section 551.605 (1) (a) 1 of the statutes for which a hearing notice complying with sections 551.605 (1) (a) 1 and 551.61 of the statutes is given on the effective date of this paragraph, and to orders issued in the manner described in section 551.605 (1) (a) 2 of the statutes on the effective date of this paragraph.

(b) *Orders under franchise investment laws.* The treatment of section 553.605 (1) of the statutes first applies to orders issued in the manner described in section 553.605 (1) (a) 1 of the statutes for which a hearing notice complying with sections 553.56 and 553.605 (1) (a) 1 of the statutes is given on the effective date of this paragraph, and to orders issued in the manner

described in section 553.605 (1) (a) 2 of the statutes on the effective date of this paragraph.

**SECTION 43. Effective dates.** This act takes effect on the day after publication, except as follows:

(1) The renumbering and amendment of section 551.31 (2) of the statutes and the creation of section

551.31 (2) (b) 2 of the statutes take effect the first day of the 9th month beginning after publication of this act.

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