

**NOTICE OF VIOLATION
OF
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

To:

From:

Regarding:

The Illinois Franchise Disclosure Act of 1987 requires a franchisor to register its franchise with the Illinois Attorney General's Office or to obtain an exemption, and to make certain disclosures to prospective franchisees before selling franchises in Illinois (815 ILCS 705/1). It is unlawful for any franchise to be offered or sold in Illinois unless:

1. The franchise has been registered or obtains an exemption under the Act with the Illinois Attorney General; and
2. The prospective franchisee has been provided with a complete disclosure statement registered under the Act, at least fourteen (14) days prior to the execution of any binding franchise or other agreement, or at least fourteen (14) days prior to the receipt by the Franchisor of any consideration from the prospective franchisee, whichever occurs first.

You are hereby advised that

You have certain civil rights and remedies under Section 26 of the Act which provides in pertinent part:

Any person who offers or sells a franchise in violation of this Act shall be liable to the franchisee who may sue for damages . . . (and/or rescission).

No franchisee may sue for rescission under this Section 26 who shall fail, within 30 days from the date of receipt thereof, to accept an offer to return the consideration paid or to repurchase the franchise purchased by such person. Every offer provided for in this Section shall offer to . . . repurchase the franchise for a price equal to the full amount paid less any net income received by the franchisee, plus the legal rate of interest thereon, and may require the franchisee to return to the person making such offer all unsold goods, equipment, fixtures, leases and similar items received from such person. Such offer shall continue in force for 30 days. . . . Any agreement not to accept or refusing or waiving any such offer made during or prior to the expiration of said 30 days shall be void.

Every person who . . . controls a person liable under this Section 26, who . . . materially aids in the act or transaction constituting the violation, is also liable jointly and severally . . . unless said person who otherwise is liable had no . . . reasonable basis to have knowledge of the facts . . .

constituting the alleged violation.

Every franchisee in whose favor judgment is entered in an action brought under this Section shall be entitled to the costs of the action including, without limitation, reasonable attorney's fees.

Therefore, Section 26 of the Act provides that if you were damaged by the Franchisor's failure to register or comply with exemption requirements, and make required disclosures, you may bring an action to recover damages sustained by reason of such violation to the Act. Section 26 of the Act also provides that you may seek rescission of the franchise agreement, if your rights under one of the cited sections of the law have been violated, in which case the full amount you paid for the franchise together with interest at the legal rate from the date of payment less any net income you have received from the operation of the franchise business may be returned to you. If you obtain rescission, the franchise would then be at an end and you would be required to cease operation of your franchise business.

THIS IS NOT AN OFFER OF RESCISSION. IT IS A DESCRIPTION OF YOUR RIGHT TO DEMAND RESCISSION OR TO SUE FOR DAMAGES. IF YOU WISH TO PURSUE YOUR ABOVE DESCRIBED RIGHTS, THE ACT PROVIDES THAT YOUR SUIT MUST BE BROUGHT WITHIN NINETY (90) DAYS AFTER DELIVERY TO YOU OF THIS LETTER WHICH SERVES AS WRITTEN NOTICE OF THE VIOLATION OF THE ACT ARISING FROM OUR FRANCHISE AGREEMENT WITH YOU.

You may, instead, continue operating under the franchise agreement with us. The franchise agreement, if currently non-compliant, will be amended to conform with Section 4 of the Illinois Franchise Disclosure Act and Rule Section 200.608 of the Rules and Regulations relative to jurisdiction, venue and governing law. The purpose of this letter is to simply notify you of your rights and the time limitations involved in asserting them.

Sincerely,

BY: _____

ITS: _____