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BLOGS

State Franchise and Dealer Laws

Maryland Bar Franchise Committee Will Not Back Franchise Law Proposal; Sponsor Will Not Introduce Bill

There have been further developments following the October 3, 2013, meeting of the Maryland State Bar Association's Franchise Committee, at which Jon Cardin, a member of the Maryland House of Delegates who also is a candidate for Maryland Attorney General, presented proposed revisions to several sections of the Maryland Franchise Law. (Under the proposal, the time the Attorney General's office would be allowed to process franchise renewals and amendments would have been substantially curtailed, Maryland based franchisors would be exempt from compliance with the law when making sales to out of state residents, franchisee's guarantors who reside in Maryland would have been entitled to the protections of the law, reasonable reliance on alleged misrepresentations would have to be evaluated as a matter of fact, and franchisees who prevailed on franchise law claims would have been entitled to recover their attorneys' fees.) After discussion with the committee, which included Securities Commissioner Melanie Lubin and franchise chief, Dale Cantone, Delegate Cardin agreed to revise his draft and he encouraged the Attorney General's office to develop a way of dealing with franchisor frustrations concerning the renewal and amendment process.

On October 31, 2013 the bar association committee, which included Carl Zwisler and Mark Kirsch as representatives from Gray Plant Mooty, considered revisions to the draft, which only addressed three issues: the exemption for out of state sales by Maryland based franchisors, attorneys' fees for franchisees that prevail on franchise law claims, and the establishment of a statutory franchise advisory committee. After discussion among members, the committee split their votes on whether to endorse the proposal four to three. Because MSBA requires nearly unanimous support from the committee before taking a position on state legislation, the legislation would not have received MSBA support. Delegate Cardin's representative at the meeting told the committee that without MSBA support, he would not introduce the proposed franchise legislation in the next legislative session.

Related People

Maisa Frank

Partner

Washington, D.C.

202.295.2209

maisa.frank@lathropgpm.com