

§4695. Bonds and escrow accounts

All sellers shall obtain either a surety bond issued by a surety company authorized to do business in this State or have established an escrow account with a licensed bank or savings institute located in this State. The surety bond or escrow account shall be in an amount of not less than \$30,000. [PL 1979, c. 571 (NEW).]

Any person who is damaged by a violation of any provision of this chapter, by the seller's breach of the contract for the business opportunity or by the seller's violation of Title 5, section 207, relating to the sale, offer for sale or promotion of a business opportunity may bring an action against the bond or escrow account to recover damages suffered. The Attorney General may bring an action against the bond or escrow account under Title 5, section 209, to recover damages relating to the sale or offer for sale of a business opportunity suffered by persons in this State. The aggregate liability of the surety or bank or savings institute shall be only for actual damages and shall not exceed the amount of the bond or escrow account. [PL 1979, c. 571 (NEW).]

1. Termination. Such a bond or escrow account shall not be terminated, cancelled or returned to the seller until:

A. Twelve months following expiration of the seller's registration under section 4696; and [PL 1979, c. 571 (NEW).]

B. The Securities Administrator certifies to the surety company issuing the bond or the licensed bank or savings institute holding the escrow account that it has no knowledge of any outstanding judgment, claims or notices of claims against the seller in this State. [PL 1989, c. 542, §2 (AMD).] [PL 1989, c. 542, §2 (AMD).]

2. Exception. No seller maintaining a permanent place of business in this State shall be required either to maintain an escrow account or bond or to issue the disclosure contained in section 4693, subsection 2. [PL 1979, c. 571 (NEW).]

SECTION HISTORY

PL 1979, c. 571 (NEW). PL 1985, c. 597, §2 (AMD). PL 1989, c. 542, §2 (AMD).

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