

TEXAS BUSINESS & COMMERCIAL QUARTERLY

★ DAVID A. DEAN ★ SECRETARY OF STATE ★

As the Texas economy continues to grow and diversify, our need to understand the dynamics of change becomes more acute. Economic growth means expansion of existing sectors in the Texas economy and the addition of new ones. New jobs will be created which will require different skills than are needed today. Infrastructure to support continued growth, whether it be the maintenance of the Texas business climate or education, energy, water, transportation, commercial and residential construction, etc. will be needed. To assist in understanding the changes occurring in the Texas business community and in planning for future needs, new data and information must be developed and added to our current stock of data and information.

The data series being developed by the Statutory Filings Division, Corporations Section, of the Secretary of State's office is an example of making information on the Texas economy available to the public. While this new source of data is in the development stage its utility will increase with the length of the time series. Over time, as this data is integrated with other sources of economic data on Texas, it will be a valuable contribution.

The interpretation of the data presented in this publication, while general and intuitive at this point in time, is useful. It will serve to encourage dialogue and provide a better understanding of the workings of the Texas economy and the future needs of Texas.

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The following analysis was prepared by Celia Morgan and Howard Savage, professors in the Department of Finance and Economics, Southwest Texas State University, and was based on data collected by the Secretary of State's office. The article on the Texas Business Opportunity Act was prepared by the staff of the Statutory Filings Division, Corporations Section, of the Office of the Secretary of State.

The Statutory Filings Division, Corporations Section, of the Texas Secretary of State's Office, in its continuing effort to fulfill a mission of service to Texas government and Texas metropolitan areas, has begun a new data series. This series provides and will continue to provide data as to new corporate charters granted monthly and quarterly in the 26 Texas Standard Metropolitan Statistical Areas and will be of invaluable assistance in analyzing the trends in Texas economic and business activity. On the basis of the data series these trends can be traced at both the state and regional level. As the series becomes more mature, its analytical value will increase.

CORPORATE GROWTH IN TEXAS CITIES

Corporate Charter Activity in Cities

Table 1 lists the 26 Texas Standard Metropolitan Statistical Areas (SMSA) in Texas and presents the absolute number of charters granted in each for December 1981, and the first two calendar quarters of 1982.

Total charters granted in metropolitan areas of Texas during the first two quarters of 1982 total 18,155. In the first quarter of 1982, 9,224 charters were granted with 8,931 charters in the second quarter. These data imply that 36,310 new charters will be granted in these urban areas of Texas in 1982 if corporate charter activity continues at the same pace. This number of charters is, of course, less than the state total. The total number of charters granted in Texas during the first six months of 1982 was 20,208, an annual estimate of 40,416. The differences, 2,053 for six months and 4,106 on an annual basis, represent the new corporate charters granted in the smaller urban and rural areas.

On a relative basis, these data indicate that 90 percent of the corporate charters granted in the first six months of 1982 were issued to businesses in the 26 major urban areas. These urban centers also contain 80 percent of the Texas population. These data suggest that the major cities in Texas are the hub of economic and business activity. The growth of industry, trade, and commerce in these cities has given rise to business growth over and above the rate of population growth. As a result of this increased business activity, these areas have generated the majority of new jobs created in the state over the past six months.

Growth Center Cities

The major urban area data reported by the Statutory Filings Division of the Secretary of State's Office also pinpoints areas of the greatest business activity. Four of the major cities

listed in Table 1 account for 14,318 charters granted in the first six months of 1982, about 79 percent of the total urban charters and about 71 percent of all charters granted in Texas. Figure 1 shows a breakdown of charters issued to businesses in the 26 metropolitan areas and highlights the importance of four cities. The cities are, in order of importance: (1) Houston with 6,782 charters granted or 37.4 percent, (2) Dallas-Fort Worth with 5,697 charters granted or 31.4 percent, (3) San Antonio with 967 charters granted or 5.3 percent, and (4) Austin with 872 charters granted or 4.8 percent. These cities were the business and economic hotspots in the state.

Total business activity, income, and population growth are reinforcing and cumulative. An acceleration in business activity brings on income growth, new job opportunities, and population growth which in turn encourages further new business opportunities. Usually, an economic growth area will have a high rate of corporate and business growth relative to population growth. The growth areas, therefore, should exhibit relatively high numbers of new business incorporations per unit of population. The data shown on Table 1 combined with the 1980 census of population suggest this is indeed the case. Table 2 shows the 26 Texas cities classified by the annual rate of new business incorporations per thousand population. The categories range from an annual rate of less than one new business incorporation per thousand population to more than six. The average annual rate of new business incorporations per thousand in the 26 Texas metropolitan areas is 2.3.

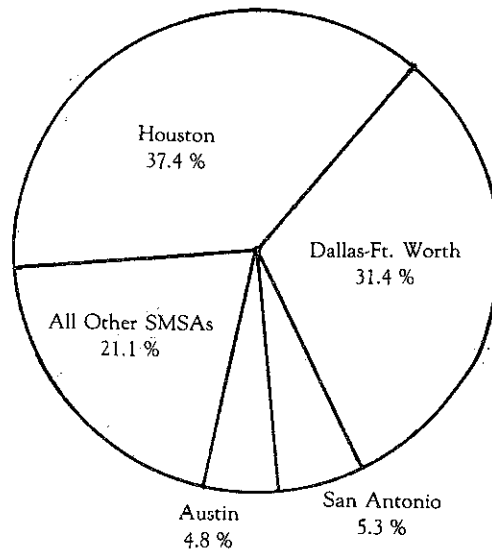
The evidence presented in this table reinforces the knowledge of the dependence of the Texas economy on the energy industry. The cities with annual rates of four or more new business incorporations per thousand population are heavily dependent on the oil and gas industry for their economic well being. These cities—Houston, Odessa, and

Table 1
Corporate Charters Granted, 26 Texas SMSAs
December 1981 June 1982

Standard Metropolitan Statistical Area	1981	1982							1982	1982
	Dec.	Jan.	Feb.	Mar.	1st Qtr.	Apr.	May	June	2nd Qtr	Totals
Abilene	36	24	37	32	83	38	31	37	106	189
Amarillo	25	22	23	43	88	24	27	33	84	172
Austin	191	81	160	167	408	162	142	160	464	872
Beaumont-Port Arthur-Orange	38	32	48	51	131	41	43	44	128	259
Brownsville-Harlingen-San Benito	50	25	41	63	129	51	41	40	132	261
Bryan-College Station	18	22	24	26	72	21	28	25	74	146
Corpus Christi	57	79	55	69	203	59	61	63	183	386
Dallas-Ft. Worth	942	913	852	1,030	2,795	949	860	1,093	2,902	5,697
El Paso	66	72	81	55	208	64	72	56	192	400
Galveston-Texas City	28	20	26	42	88	22	27	39	88	176
Houston	1,136	1,321	1,117	1,230	3,668	1,107	937	1,070	3,114	6,782
Killeen-Temple	20	5	14	19	38	12	18	24	54	92
Laredo	11	13	13	20	46	9	13	26	48	94
Longview-Marshall	28	11	28	29	68	35	20	41	96	164
Lubbock	29	16	32	30	78	32	38	30	100	178
McAllen-Pharr-Edinburg	44	30	27	51	108	35	36	48	119	227
Midland	62	29	46	57	132	36	47	38	121	253
Odessa	38	25	41	63	129	50	43	44	137	266
San Angelo	15	14	9	6	29	10	10	8	28	57
San Antonio	197	109	166	198	473	154	169	171	494	967
Sherman-Denison	15	12	10	15	37	9	15	7	31	68
Texarkana	2	5	4	8	17	7	8	6	21	38
Tyler	33	14	30	24	68	29	25	19	73	141
Victoria	11	12	11	6	29	12	6	71	35	64
Waco	22	14	25	25	64	20	16	14	50	114
Wichita Falls	28	3	15	17	35	19	17	21	57	92
Totals:	3,142	2,923	2,925	3,376	9,224	3,007	2,750	3,174	8,931	18,155

Source: Secretary of State, Statutory Filings Division, Corporations Section (July 1982)

Figure 1
Breakdown of New Business Incorporations by SMSA
January June, 1982



Source: Secretary of State, Statutory Filings Division, Corporations Section (July 1982)

Midland grew with the growth of the oil and gas and related industries, receiving an added impetus during the oil and gas crunch of 1973-1974. This crunch increased the tempo of exploratory activity in the energy area, and these cities are the centers for exploration.

The Dallas-Fort Worth area is also active in new corporate activity. The economies of these cities are also dependent on the energy industry to a large extent, but this area is also diversified into trade and manufacturing. These industries have in recent years been more vulnerable to cyclical fluctuations than has the energy industry. The lower annual rate of new business incorporations for Dallas-Fort Worth compared with Houston suggests that the Dallas-Fort Worth area may be more responsive to national trends than Houston.

Both the Austin and Bryan-College Station areas exhibit relatively high annual rates of new business incorporations per thousand population and are in the fourth highest category. The lower annual rate in these two cities compared with the cities discussed above is somewhat of an anomaly in that both cities had very high rates of population growth during the 1970 to 1980 period. Bryan-College Station had the highest rate of growth of population during the past decade, and Austin had the fourth highest growth rate of population. Two possible explanations may be given for this apparent anomaly. First, each of these cities is relatively dependent on state government expenditures as a source of employment and income. This type of income may have fewer backward and forward linkages than income from other industrial sources. (Business activities which encourage other activity in later stages of production have forward linkages while business activities which

encourage other business activity in earlier stages of production have backward linkages.) The interdependence of government with other economic sectors may be lower than, for example, oil and gas exploration or manufacturing. Second, the increase in the number of new business incorporations may follow population growth. Given the other indicators, the first explanation has more appeal.

Cities with Mature Economies

The cities with the more mature energy related industries, on the basis of the corporate charter indicator, have lower annual rates of new business incorporations per thousand. Abilene shows more activity than the others and is in the middle category. (Table 2)

Activity in the other cities is lower than the average annual rate of 2.3. Beaumont-Port Arthur-Orange and Wichita Falls with annual rates between 1 and 1.4 are in the second lowest category. Amarillo, Corpus Christi, Galveston-Texas City, and Tyler with annual rates between 1.5 and 1.9 are in the third lowest category. These relatively low rates of new incorporations per thousand probably reflect the stability of the industrial base of these cities. Amarillo, Wichita Falls, and Tyler are old oil towns which are at this time more dependent on production than exploration. Refining and petro-chemical industries also tend to be more stable than oil exploration. Another possibility is the degree of unionization along the Texas Coast. Unless there is a direct linkage to an industry which already exists in an area, it is doubtful that an industry would choose an area where the labor force is highly organized with a relatively high wage base.

Table 2
1982 Annual Rate of New Business Corporations per Thousand
Population for Texas SMSAs (1980 Population)

Annual Rate of New Business Corporations Per Thousand	Standard Metropolitan Statistical Areas
Less than 1.0	Killeen-Temple
1.0 1.4	Beaumont-Port Arthur-Orange, San Angelo, Texarkana, Waco, Wichita Falls
1.5 1.9	El Paso, Galveston-Texas City, Laredo, Lubbock, McAllen-Pharr-Edinburg, San Antonio, Sherman- Denison, Victoria
2.0 2.4	Amarillo, Corpus Christi, Longview-Marshall, Tyler
2.5 2.9	Abilene, Brownsville-Harlingen-San Benito
3.0 3.4	Austin, Bryan-College Station
3.5 3.9	Dallas-Ft. Worth
4.0 4.9	Houston, Odessa
5.0 5.9	None
6.0 6.9	Midland

Source: Secretary of State, Statutory Filings Division, Corporations Section (July 1982), and Office of the Governor, *Texas Past and Future: A Survey*

The relatively low level of business and economic activity, as indicated by the relatively low level of new corporate charters, between 1.5 and 1.9 per thousand, in Lubbock and Waco reflects the general malaise in which Texas agriculture finds itself. The general trend for agriculture has been lower prices and higher costs. These factors are not conducive to high levels of business activity, and these two cities are major trade centers for rich agricultural regions.

Cities with Distinctive Characteristics

The Texas border cities and those cities in the Texas valley and coastal plains also fell into the lower level of categories with annual rates of new corporate charters per thousand between 1.5 and 1.9 (Table 2). The real surprise is the higher than average rate of new businesses in the Brownsville-Harlingen-San Benito area. The activity in this area suggests that a good climate and a plentiful labor force may encourage certain types of industries, thus increasing the overall well being of the area.

Government expenditures as an employment and income source and the lack of economic linkages are the probable causes of the low rates of new corporate charters in the Killeen-Temple and San Antonio areas. One of the more important industries in each of these areas is the United States military complex.

Government expenditures may generate lower levels of secondary and tertiary business and economic development than, for example, oil and gas exploration or manufacturing. An increase in economic activity results in a change in income which in turn increases the demand for other goods and services. Secondary and tertiary effects are the increases in the incomes of businessmen which occur because sales are therefore higher. For example, additional military personnel spend part of their income for food and clothing. The secondary and tertiary effects are the increases in the incomes of merchants and others as a result of the change in income.

Other cities which displayed relatively low corporate activity in the first six months of 1982 were the Longview-Marshall, Sherman-Denison, and Texarkana areas. Each of these cities has its own unique characteristics. Sherman-Denison has been in the past the site of the United States military expenditures, Longview-Marshall the locale of the oil and gas industry, and Texarkana a farming and trade center as well as the locale of munitions manufacture. The available data suggest a lull in new business formations in the represented industrial areas in these cities at this time.

Summary

The Texas Secretary of State's Office has created a new data series which will assist in tracing the trends in Texas business and economic activity. This series sets forth the data on the level of corporate charters in the 26 Texas SMSA's on a monthly and quarterly basis. As with any new data series, the conclusions reached in early analysis must be approached with caution. It appears, however, that over time the data will assist in identifying the relative stages of growth and development of the various Texas cities.

Given the *caveat* above and despite its recent slowdown, the oil and gas industry appears to continue to be the driving force in the Texas economy, especially the exploratory oil and gas related activity. This industry, with high backward and forward linkages brings on relatively high levels of secondary and tertiary activities.

The cities which are more dependent on stable industries which are vulnerable to cyclical fluctuations show relatively lower degrees of business activity and stimulus compared with the oil and gas centers. One further indication from the data series is that while federal defense expenditures are vital to certain Texas cities' economies, these expenditures are not the most conducive to substantial secondary and tertiary activity.

As was noted above, this series will mature, and trends and economic relationships can be discovered and refined over time. The city data series will become more useful to the State of Texas and its citizens as further information about the characteristics of these new businesses becomes available.

SECRETARY OF STATE BAROMETERS

Business and commercial data accumulated by the Secretary of State include total transactions, net additions to the business stock in Texas, and uniform commercial code filings. The second quarter figures for these three series are discussed in the following sections.

Total Transactions

Business related activity, indicated by the total transactions recorded by the Statutory Filings Division of the Texas Secretary of State's Office, is consistent with the new corporate charter series. These data also indicate business ac-

tivity and economic growth in Texas are proceeding at a somewhat slower rate than the recent past. Total transactions recorded by the Secretary of State for the second quarter of 1982 are presented in Table 3. The Corporations Section recorded 54,266 total transactions in the second quarter, an increase of 8,988 over the previous quarter and an increase of 8,350 over the previous year.

The data in Table 3, however, show that the increase in total transactions consisted mostly of changes of or within existing businesses rather than increases in new business activity. Increased filings for articles of amendment by profit

making firms (2,727) and increased filings of changes in registered agent and office (4,154) account for 77 percent of the changes in total transactions between the first and second quarters of 1982. Comparing the second quarter of 1982 with the same quarter one year ago, increased filings for articles of amendment by profit making firms (1,746) and increased filings for changes in registered agent and office (3,939), account for 66 percent of the changes recorded.

Table 3 also shows that businessmen continue to start new business ventures and that out-of-state businesses continue to move to Texas. Thus, the Texas business climate remains favorable compared with other areas. The data in Table 3 show 10,129 new corporate charters recorded in the second quarter of 1981. A total of 954 certificates of authority were recorded in the April through June period, an increase of 69 over the January through March period and an increase of 101 over the same period last year. These data suggest that the Texas business structure continues to expand.

Net Additions to the Business Stock

The net additions to the business stock (revised) as recorded by the Secretary of State's Office suggest that Texas can expect a net addition of more than 42,000 new businesses during 1982. These 42,000 additions to the corporate stock in Texas are the expected net additions to the corporate stock if activity recorded during the first six months continues throughout the year.

Quarterly net additions to the business stock for 1981 and 1982 are shown in Figure 2. These data show smaller expansions of the stock of business corporations beginning in the fourth quarter of 1981 and continuing through the first two quarters of 1982. The 10,435 net additions recorded during the first quarter of 1982 is three percent less than those recorded during the first quarter of 1981 and 10 percent below the net additions recorded during the fourth quarter of 1981. The second quarter additions are one per-

Table 3
Secretary of State of the State of Texas
Statutory Filings Division, Corporations Section Transactions (Revised)

TYPES OF TRANSACTIONS	1982 SECOND QUARTER	1982 FIRST QUARTER	CHANGE FROM 1ST QUARTER 1982 to 2ND QUARTER 1982	1981 SECOND QUARTER	CHANGE FROM 2ND QUARTER 1981 to 2ND QUARTER 1982
TOTAL TRANSACTIONS	54,266	45,278	8,988	45,916	8,350
Articles of Incorporation	10,129	10,079	50	11,153	(1,024)
Articles of Incorporation (non-profit)	1,024	940	84	894	130
Professional Corporations	436	329	107	305	131
Professional Associations	284	202	82	329	(45)
Certificates of Authority	954	885	69	853	101
Limited Partnerships	933	894	39	910	23
Limited Partnership Amendments	826	831	(5)	589	237
Limited Partnership Cancellations	71	48	23	61	10
Trust Companies	1	1	0	0	1
Trust Company Amendments	8	4	4	5	3
Articles of Amendment (profit)	6,266	3,539	2,727	4,520	1,746
Articles of Amendment (non-profit)	286	262	24	237	49
Articles of Amendment (professional association)	97	27	70	370	(273)
Articles of Amendment (professional corporation)	44	28	16	51	(7)
Amended Certificates of Authority	382	192	190	275	107
Articles of Correction	61	38	23	0	61
Name Reservations	2,814	2,838	(24)	2,273	541
Name Registrations	85	108	(23)	71	14
Dissolutions	1,278	1,204	74	1,147	131
Withdrawals	104	141	(37)	101	3
Terminations	62	78	(16)	44	18
Information Letters	4,061	3,872	189	3,867	194
Articles of Merger	145	177	(32)	140	5
Change of Registered Agent and Office	6,531	2,377	4,154	2,592	3,939
Reinstatements	1,147	619	528	979	168
No Pay Forfeitures	16	30	(14)	19	(3)
Forfeitures	450	245	205	261	189
Certifications	14,301	14,078	223	12,618	1,683
Assumed Names	1,470	1,212	258	1,252	218

cent above those recorded during the first quarter but 10 percent below the net additions recorded during the same period last year.

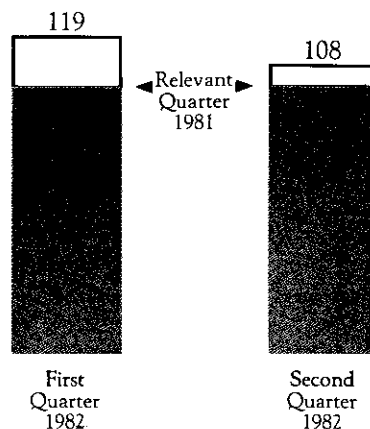
The business stock includes all existing corporations, limited partnerships, and certificates of authority recorded by the Secretary of State. The revised net additions to the business structure equal the sum of new corporate charters, new limited partnerships, and new certificates of authority minus the sum of voluntary dissolutions, withdrawals, and terminations.

UCC Filings

The increase in Texas business activity is supported by the data base recorded at the Uniform Commercial Code Section of the Secretary of State's Office. The growth rates of annual UCC filings implied by UCC filings in the first two quarters of 1982 over filings in the respective quarters of last year are shown in Figure 3. The annual rate is the rate expected in 1982 if filing activity continued at the same rate observed in the first and second quarters of 1982. UCC filings during the first three months of 1982 were 88,160 or about 19 percent greater than filings in the same period of 1981. During the second quarter, UCC filings were 91,169 or about eight percent greater than the same period last year.

The dollar value of these filings is not known as they have no stated value when they are filed with the Secretary of

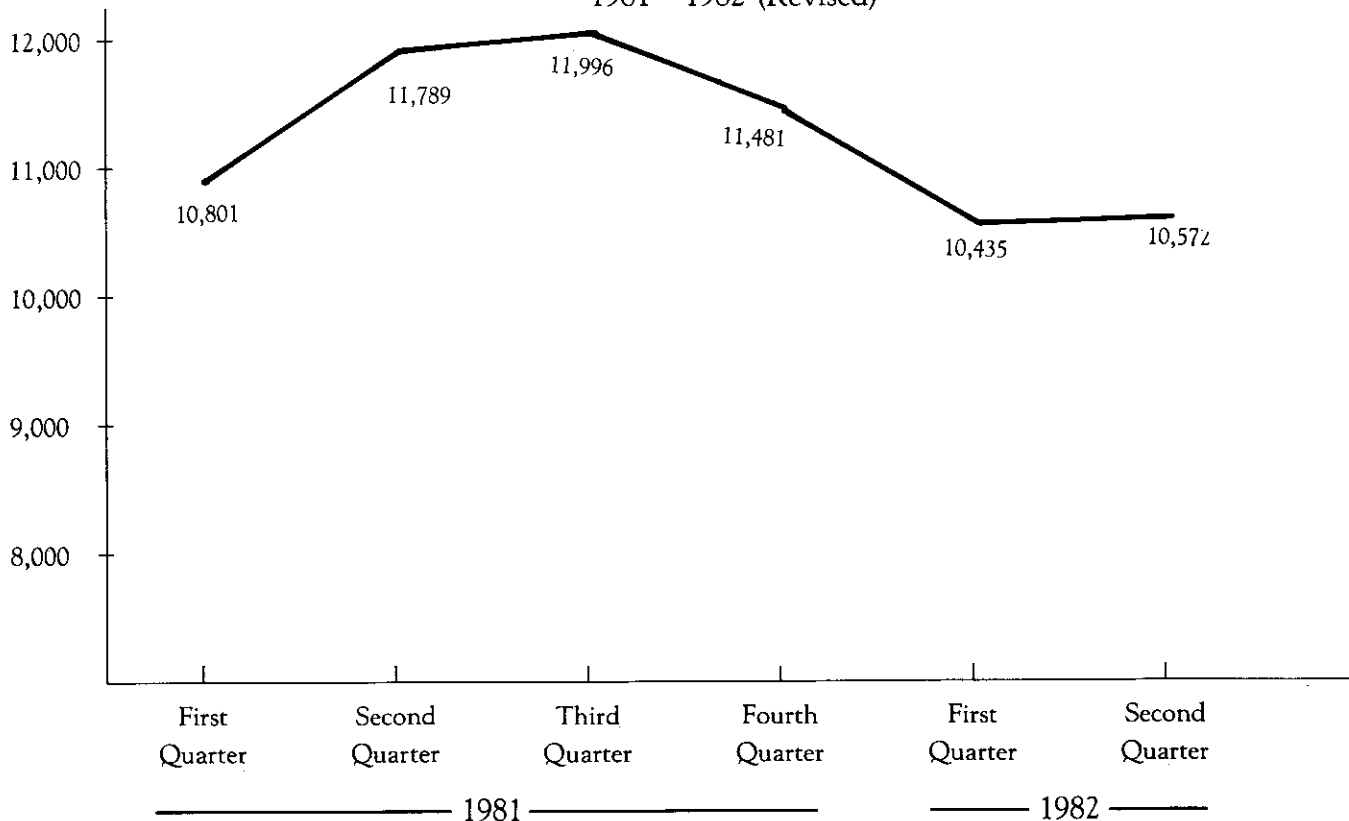
Figure 3
Index of Uniform Commercial Code
Financing Statements, Federal Tax Liens
and Utility Security Agreements



Source: Secretary of State, Statutory Filings Division, Uniform Commercial Code Section (July 1982)

State's Office. If, however, the real per unit value of the filings does not change, the increase in UCC filings indicates increased credit requirements. Increased credit requirements may arise from increased business activity and from credit extension desired when business expansion grows at a slower pace.

Figure 2
Net Additions to the Business Stock by Quarter
1981 1982 (Revised)



Source: Secretary of State, Statutory Filings Division, Corporations Section (July, 1982)

Summary

The impact of the national recession on the Texas economy should be reflected in data collected by the Secretary of State. At this time, the data suggest business and economic growth continues. The business related activity recorded by the Secretary of State indicates that businessmen continue

to start new business ventures and that out-of-state businesses continue to move to Texas. The new data series on corporate charters by Texas SMSA as well as the continuing data series of total recorded transactions, net additions to the business stock, and UCC filings all point to continued statewide growth as well as providing assistance to government and business leaders in highlighting the economic soft spots that do exist.

THE TEXAS BUSINESS OPPORTUNITY ACT

The Texas Business Opportunity Act (Texas Civil Statutes, Article 5069-16.01 *et seq.*) became effective August 31, 1981. The Act requires persons marketing business opportunities to register the business opportunity and file a disclosure statement with the Secretary of State prior to offering the business opportunity for sale or lease in Texas. The seller must also provide the Secretary of State with a list, updated every six months, of all salespersons attempting to sell the business opportunity. The statute defines 'Business Opportunity' as the sale or lease of any products, equipment, supplies or services:

(A) which are sold to the purchaser upon payment of an initial required consideration exceeding \$500 and which will be used by or on behalf of the purchaser to begin a business; and

(B) in which the seller represents that the purchaser will earn a profit in excess of the initial consideration paid by the purchaser; and

(i) that the seller will provide locations or assist the purchaser in finding locations for the use or operation of the products, equipment, supplies, or services on premises neither owned nor leased by the purchaser or seller; or

(ii) that the seller will provide a sales, production, or marketing program; provided that this subsection shall not apply to sales, production, or marketing programs offered in conjunction with a federally registered trademark or service mark; or

(iii) that the seller will buy back or is likely to buy back any products, supplies, or equipment purchased or any product made, produced, fabricated, grown, or bred by the purchaser using in whole or in part the product, supplies, equipment, or services which were initially sold or leased or offered for sale or lease to the purchaser by the seller.

The disclosure statement which is filed with the Secretary of State must be given to a prospective purchaser at least 10 days before the purchaser signs a contract or the seller receives any consideration, whichever occurs first. The disclosure statement must contain the following information:

A cover sheet entitled *Disclosures Required by Texas Law*

(1) the name of the seller, whether the seller is doing business as an individual, partnership, corporation, or other business entity; the names under which the seller has done, is doing, or intends to do business; and the name of any parent or affiliated company that will engage in business transactions with the purchasers or who takes responsibility for statements made by the seller;

(2) the names, addresses and titles of the seller's officers, directors, trustees, general partners, general managers, principal executives, stockholders owning more than 20 percent of the stock shares of the seller, and any other persons charged with the responsibility for the seller's business activities relating to the sale of business opportunities;

(3) the length of time the seller:

(A) has sold business opportunities; and

(B) sold business opportunities involving the products, equipment, supplies, or services currently being offered to the purchaser;

(4) a full and detailed description of the actual services that the business opportunity seller undertakes to perform for the purchaser;

(5) a copy of a current (not older than 13 months from date prepared) financial statement in the seller's financial condition;

(6) if training is promised by the seller, a complete description of the training, the length of training, and the cost or travel and lodging expenses of that training, which costs or expense the purchaser will be required to incur;

(7) if the seller promises services to be performed in connection with the placement of equipment, products, or supplies at a location, the full nature of those services as well as the nature of the agreements to be made with the owners or managers of the location where the purchaser's equipment, product, or supplies will be placed;

(8) if the business opportunity seller is required to secure a bond or establish a trust account, either of the following statements:

(A) As required by Texas law, the seller has secured a bond issued by _____ surety company authorized to do business in this state. Before signing a contract to purchase this business opportunity, you should confirm the bond's status with the surety company' or

(B) As required by Texas law, the seller has established a trust account with _____. Before signing a contract to purchase this business opportunity, you should confirm with the bank or savings institution the current status of the trust account.

(9) the following statement: 'If the seller fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and cancel your contact'

(10) if the seller makes any statement concerning sales or earnings that may be made through this business opportunity, a statement disclosing:

(A) the total number of purchasers of business opportunities involving the product, equipment, supplies, or services being offered who to the seller's knowledge have actually achieved sales of or received earnings in the amount or range specified, within three years prior to the date of the disclosure statement;

(B) the total number of purchasers of business opportunities involving the product, equipment, supplies, or services being offered within three years prior to the date of the disclosure statement:

(11) a statement disclosing which, if any, of the persons listed in (1) and (2) of this statement:

(A) has, at any time during the previous seven fiscal years, been convicted of a felony or pleaded *nolo contendere* to a felony charge if the felony involved fraud, embezzlement, fraudulent conversion, or misappropriation of property;

(B) has, at any time during the previous seven fiscal years, been held liable in a civil action resulting in a final judgment, or has settled out of court any civil action or is a party to any civil action involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property or the use of untrue or misleading representations in an attempt to sell or dispose of real or personal property or the use of unfair, unlawful, or deceptive business practice; or

(C) is subject to any currently effective injunction or restrictive order relating to business activity as a result of an action brought by a public agency or department; such statement shall set forth the identity and location of the court or agency, date of conviction, judgment, or decision, the penalty imposed, the damages assessed, the terms of the settlement or the terms of the order, and the date, nature and issuer of each such order of ruling;

(12) a statement disclosing who, if any, of the persons listed in 1) and (2) of this statement at any time during the previous seven fiscal years has:

(A) filed in bankruptcy;

(B) been adjudged bankrupt;

(C) been reorganized due to insolvency;

(D) been a principal, director, executive officer, or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position in relation to such other person; if so, the name and location of the person having been adjudged or reorganized, the date thereof, or any other material facts relating thereto, shall be set forth;

(13) a copy of the business opportunity contract which the seller uses a matter of course and which is to be presented to the purchaser at closing."

The purpose of the disclosure statement is to allow a potential buyer to make an informed decision to get involved with the opportunity rather than one based on possibly exaggerated representations of the seller. The Secretary of State does not verify the information but the potential purchaser will have the opportunity and information to verify the information themselves. Following is a list of the Business Opportunities that have registered in Texas to date. Copies of a file may be obtained according to the following fee schedule:

- 1) Total File of a Business Opportunity Registrant—ten dollars (\$10.00).
- 2) Partial File—fifty cents (\$.50) per page.
- 3) Certified Copies—One dollar (\$1.00) per page plus one dollar (\$1.00) for the certificate.
- 4) Certificate of Record or No Record—two dollars (\$2.00).

Further information and material on the Business Opportunity Act may be obtained by contacting the Business Opportunity Section of the Statutory Filings Division, P. O. Box 13563, Austin, Texas 78711-3563 or by calling (512) 475-1769.

Business Opportunity Filings as of July 31, 1982

Name	Location	Business
Prestige Fashion, Inc.	Waxahachie, Texas	Clothing
Counter Top Amusements	Nashville, Tennessee	Electronic Games
Potomac Mortgage Company	Dallas, Texas	Electronic Games
Kott Coating Porcelain Refinishers, Inc.	Laguna Hills, California	Porcelain Refinishing
GNU Services Corp.	Round Rock, Texas	Bathtub Refinishings
GB Enterprises	El Paso, Texas	Decorating Equipment
Delhi Chemicals Industries, Inc.	Stamford, New York	Furniture Refinishing
Craft World International, Inc.	Monterey, California	Sign Display Plastics Products
Standard Photo, Inc.(pending)	Birmingham, Alabama	Kodak Film/Photo Processing
The Carvery Inc.	Coral Gables, Florida	Restaurant
Baubles & Beads (pending)	Richardson, Texas	Fashion Boutiques
Jalo Enterprises, Inc.	Dallas, Texas	Magazine
Lamco, Inc.	Houston, Texas	Railroad Tank Cars
Stained Glass Overlay, Inc.	Mission Viejo, California	Stained Glass Window Process
Minsky'On Main, Inc.	Kansas City, Missouri	Pizza
Coustic-Glo International, Inc.	Minneapolis, Minnesota	Acoustical-Tile Cleaning
Goldmark Systems	Nashville, Tennessee	Imprinting
Patio Pets, Inc.	West Palm Beach, Florida	Distributing Topiary Planters
Dynamark, Inc.	Charlottesville, Virginia	Residential Security
Entertainment Industries, Inc.	Hollywood, California	Video Games
EKM II	Pasadena, Texas	Equipment Leases
Ceiling Master, Inc.	Milpitas, California	Ceiling Cleaning Equipment
United Beverage Corp. (pending)	Dallas, Texas	Vending Equipment Beverages & Snacks
El Pollo Loco Franchise Corp.	Los Angeles, California	Restaurant Franchising
ACU-Form Weight Control Centers, Inc.	Houston, Texas	Weight Control Center Franchises
I'm Living Proof International, Inc.	Houston, Texas	Distribution of Dietary Supplements
Gametye America, Inc.	Dallas, Texas	Electronic Games
Thundercloud Licensing Corp.	Austin, Texas	Submarine Sandwiches
Byte Industries Incorporated	Hayward, California	Retail Computer Franchises
Maintenance King, Inc.	Bayonne, New Jersey	Building Maintenance Businesses
Electronic Games, Inc. (pending)	Phoenix, Arizona	Electronic Games
Fred's Fish Fry, Inc.	San Antonio, Texas	Restaurant Franchising
Investor Video Market Corp.	Austin, Texas	Video Games
Highway Power, Inc.	Houston, Texas	Investment in Purchase & Operation of Heavy-Duty Trucks
Pacesetter Fashions	Little Rock, Arkansas	Fashion Boutiques
The Mother's Exchange, Inc.	Austin, Texas	Franchising of childcare referral services
Time Energy Corp.	Houston, Texas	Sale of energy control devices & related services
Sells Enterprises, Inc.	Cumming, Georgia	Distributorships of toys, books and stamp machines
Gym-Mate Inc.	Philadelphia, Pennsylvania	Franchises for Maintaining exercise chairs in hotel rooms
Play Time International LTD.	Richmond, Virginia	Electronic Video Games
The Huntington Associates	Houston, Texas	Operation of Utility Conservation Systems
Western American Ventures, Inc.	Houston, Texas	Franchises for retail sale of unbaked pizza and related foods
Money Concepts International, Inc.	Miami, Florida	Franchises for marketing financial services products
Sunset Pools-West	San Diego, California	Franchises for building, marketing, and maintaining pools and hot tubs
Color Burst Carpet Systems, Inc.	Austin, Texas	Dyeing and Restoring Carpet
Marketing Consultants of America Corp.	Memphis, Tennessee	Extended-Electronic Games
Amco Warehouse, Inc.	Austin, Texas	Cosmetic Products
Jacque's Place Enterprises, Inc.	Pompano Beach, Florida	Franchise for salons for treatment and care of human nails
Mid-America Promotions, Inc.	Spring, Texas	Coin-operated electronic games
Network Security Corporation	Dallas, Texas	Franchise for sales and distribution of security and fire alarm systems
Automated Systems, Inc.	Atlanta, Georgia	Vending Machines
Investor Capital Company	Opelousas, Louisiana	Reconditioning electronic batteries
Southwest Solar	Irvine, California	Franchise for solar energy equipment
Societe de Transformation et de Distribution, Inc.	New York, New York	Franchises for retailing linens, bath products & related goods
Fashions From Paris, Inc.	Paris, Texas	Fashion Boutiques

Source: Secretary of State, Statutory Filings Division, Uniform Commercial Code Section (July 1982)



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Statutory Filings Division
Corporations Section
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