

STAFF MEASURE SUMMARY

CARRIER: Sen. Thatcher

Senate Committee On Judiciary

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 05/18/15

Action: Do Pass.

Meeting Dates: 05/18

Vote:

Yeas: 5 - Burdick, Gelser, Kruse, Prozanski, Thatcher

Prepared By: Channa Newell, Counsel

WHAT THE MEASURE DOES:

Revises definition of “telephonic seller.” Requires person soliciting business opportunities by telephone to register as telephonic seller with Department of Justice and provide prospective purchaser with required disclosures at time of solicitation and prior to completion of sale. Defines “telephone solicitation” and “business opportunity.” Declares emergency; effective on passage.

ISSUES DISCUSSED:

- Scam involving work-from-home opportunities
- Pattern of scam involves frequent, early phone contact soliciting more money for opportunity
- Victim of scam may receive small amount of money or offer for help to continue flow of money
- Registration allows Department of Justice to issue letters giving notice of registration requirement
- Department oversight often slows fraudulent activity

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Individuals or companies who solicit certain sales by telephone are required to register with the Department of Justice. Sellers must disclose specific information to potential customers prior to completing a sale, such as disclosure that the person is a telephonic seller and the complete street address of the location from which the salesperson is calling.

House Bill 2383 expands the telephone solicitor registration requirements to include those who solicit “business opportunities” via telephone. Business opportunities includes selling an outlet for the purchaser’s goods or services on the Internet, or buying back goods and services, such as stuffing envelopes. The measure excludes the sale of business assets, the sale of demonstration equipment or samples, or the sale of a franchise. Under the measure, telephone sellers of business opportunities must register with the Department of Justice and provide the necessary disclosures to potential purchasers.