

**HOUSE . . . . . No. 244**

**The Commonwealth of Massachusetts**

PRESENTED BY:

***Timothy R. Madden***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to prohibit negative option sales and disclosure of financial and personal information without a consumer’s express agreement.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Timothy R. Madden</i>	<i>Barnstable, Dukes and Nantucket</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Thomas P. Conroy</i>	<i>13th Middlesex</i>
<i>Geoff Diehl</i>	<i>7th Plymouth</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>
<i>Brian A. Joyce</i>	<i>Norfolk, Bristol and Plymouth</i>
<i>Thomas P. Kennedy</i>	<i>Second Plymouth and Bristol</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>
<i>Brian R. Mannal</i>	<i>2nd Barnstable</i>
<i>Michael O. Moore</i>	<i>Second Worcester</i>
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>
<i>William M. Straus</i>	<i>10th Bristol</i>
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>

*Chris Walsh*

*6th Middlesex*

*Martha M. Walz*

*8th Suffolk*

*Tom Sannicandro*

*7th Middlesex*

**HOUSE . . . . . No. 244**

By Mr. Madden of Nantucket, a petition (accompanied by bill, House, No. 244) of Timothy R. Madden and others for legislation to prevent the automatic signing up of consumers for products or services . Consumer Protection and Professional Licensure.

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Thirteen**

An Act to prohibit negative option sales and disclosure of financial and personal information without a consumer’s express agreement.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section 1. Chapter 93 of the General Laws, as appearing in the 2007 official edition is  
2 hereby amended by inserting after Section 114, the following 3 new sections:-

3 “Section 115. Definitions

4 As used in sections 115 to 117, inclusive, the following words shall, unless the context  
5 clearly requires otherwise, have the following meanings:-

6 a) ‘Seller,’ any person, firm, corporation, partnership, unincorporated association,  
7 franchise, franchisor, or other business enterprise which promotes or exchanges goods or  
8 services for money

9 b) ‘Trial offer,’ an offer to a consumer by a seller for products or services without  
10 cost, at a reduced cost, for a rebate, for only incidental costs such as shipping fees or for a time-  
11 limited trial period under which the consumer is required to act affirmatively to avoid incurring a  
12 future financial obligation as a result of accepting the offer

13 c) ‘Consumer,’ any person who seeks to accept or accepts a trial offer

14 d) ‘Clear and conspicuous,’ (including the terms clearly and conspicuously), the  
15 material representation being disclosed is of such size, color, contrast or audibility and is so  
16 presented as to be readily noticed and understood by a reasonable person to whom it is being  
17 disclosed

18 e) 'Affirmative Consent,' a consumer's express agreement to incur a clearly and  
19 conspicuously disclosed financial obligation as a result of accepting a trial offer; such agreement  
20 shall be made in a manner specifically identified for the consumer to indicate the consumer's  
21 express agreement to incur the clearly and conspicuously disclosed financial obligation

22 f) 'Financial Institution,' an institution (public or private) that collects funds (from  
23 the public or other institutions) and invests them in financial assets

24 Section 116. Charges after a trial offer, required disclosures

25 a) Trial offer disclosures. A seller may not make a trial offer to a consumer, or  
26 impose a financial obligation on the consumer as a result of the consumer's acceptance of a trial  
27 offer, unless:

28 i) The seller provides the consumer with clear and conspicuous information  
29 regarding the terms of the trial offer prior to the consumer's acceptance of the offer, including, at  
30 a minimum:

31 1) Any additional financial obligations that may be incurred as a result of accepting  
32 the trial offer;

33 2) Identification of all goods or services, or enrollments in a membership,  
34 subscription or service contract that the consumer will receive or for which the consumer will  
35 incur a financial obligation as a result of accepting the trial offer;

36 3) The cost to the consumer of any financial obligation the consumer will incur if the  
37 consumer accepts the trial offer, including any fees or charges;

38 4) A statement, if applicable, that by accepting the trial offer, the consumer will  
39 become obligated for additional goods or services, or enrollment in a membership, subscription  
40 or service contract unless the consumer takes affirmative action to cancel the trial offer;

41 5) Instructions as to the means by which the consumer is to indicate the consumer's  
42 rejection or cancellation of the offer;

43 6) The time period during which the consumer must cancel in order to avoid  
44 incurring a financial obligation as a result of accepting the trial offer; and

45 7) The calendar date on which the consumer will incur any additional financial  
46 obligation if the consumer fails to cancel the trial offer within the relevant time period.

47 b) Cancellation. A seller must inform the consumer, prior to the consumer's  
48 acceptance of the trial offer, of the specific steps by which the consumer may cancel the  
49 agreement. The means for cancellation provided by the seller, shall at a minimum, enable the  
50 consumer to cancel the trial offer by calling a toll-free telephone number and, if the offer was not

51 accepted by telephone, to cancel in a manner substantially similar to that by which the consumer  
52 accepted the trial offer, including but not limited to, electronic email address, website, postal  
53 address or another cost-effective, timely and easy-to-use mechanism for cancellation.

54 c) Affirmative consent. A seller may not impose a financial obligation on a  
55 consumer as a result of the consumer's acceptance of a trial offer unless the seller has obtained  
56 the consumer's affirmative consent to the terms of the trial offer set forth in subsection (a)(i) of  
57 this section.

58 d) Additional notice to consumer. A seller whose trial offer exceeds thirty (30)  
59 calendar days must provide additional notice to the consumer within no more than ten (10) and  
60 no fewer than five (5) calendar days prior to the date upon which the consumer will incur an  
61 additional financial obligation as a result of accepting the offer. The notification shall include  
62 the calendar date on which the consumer will be charged for additional goods or services or for  
63 automatic renewal. The notification shall be provided in a manner substantially similar to that by  
64 which the consumer accepted the trial offer and shall clearly and conspicuously disclose the  
65 means by which the consumer may cancel the offer. The means of cancellation must conform to  
66 subsection (b) of this section.

67 e) Burden on seller. The seller has the burden of proving that the consumer  
68 expressly agreed to this arrangement and that the required notices were provided within the time  
69 limits set forth.

70 f) "Data pass" prohibition. A seller may not cause a consumer to incur a financial  
71 obligation to another seller as a result of accepting a trial offer unless:

72 i) The consumer gives affirmative consent to the seller at the time the consumer  
73 accepts the trial offer allowing the seller to provide the consumer's billing information to a seller  
74 other than the seller making the trial offer. Such affirmative consent shall conform to subsection  
75 (c) of this section.

76 g) Violation. Any violation of this section shall constitute an unfair or deceptive act  
77 or practice in violation of Chapter 93A.

## 78 Section 117. Prohibited Disclosures

### 79 (a) Disclosure of financial and personal information prohibited

80 Except as otherwise expressly provided in this chapter, a financial institution, its officers,  
81 employees, agents and directors shall not disclose any financial or personal information relating  
82 to a customer. Financial institutions shall adopt reasonable procedures to assure compliance with  
83 this subchapter.

### 84 (b) Exceptions

85           This section does not prohibit any of the activities listed in this subsection. This  
86 subsection shall not be construed to require any financial institution to make any disclosure not  
87 otherwise required by law. This subsection shall not be construed to require or encourage any  
88 financial institution to alter any procedures or practices not inconsistent with this section. This  
89 subsection shall not be construed to expand or create any authority in any person or entity other  
90 than a financial institution.

91           (1) Disclosure of information to the customer after proper identification.

92           (2) Disclosure authorized by the customer, provided the disclosure is limited to the scope  
93 and purpose that the customer authorizes.

94           (c) Violations

95           A financial institution who violates this section commits an unfair and deceptive act and a  
96 violation of chapter 93A.