

# **HOUSE . . . . . No. 4183**

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## The Commonwealth of Massachusetts

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HOUSE OF REPRESENTATIVES, April 11, 2016.

The committee on Consumer Protection and Professional Licensure to whom was referred the petition (accompanied by bill, House, No. 223) of Timothy R. Madden and others for legislation to prevent the automatic signing up of consumers for products or services, reports recommending that the accompanying bill (House, No. 4183) ought to pass.

For the committee,

JENNIFER E. BENSON

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**  
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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 earliest calendar date on which the consumer could incur any additional  
46 financial obligation if the consumer fails to cancel the trial offer within the relevant time period  
47 and an explanation that the financial obligation could be charged beginning any time after this  
48 date.

49           b)       Cancellation. A seller must inform the consumer, prior to the consumer's  
50 acceptance of the trial offer, of the specific steps by which the consumer may cancel the  
51 agreement. The means for cancellation provided by the seller, shall at a minimum, enable the  
52 consumer to cancel the trial offer by calling a toll-free telephone number or visiting a website  
53 where free online cancellation is available and, if the offer was not accepted by telephone, to

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

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

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

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

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

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

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

### 81           Section 117. Prohibited Disclosures

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

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

#### 87           (b) Exceptions

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

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

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

97           (c) Violations

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