ASSEMBLY, No. 625

STATE OF NEW JERSEY
216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:
Assemblyman PAUL D. MORIARTY
District 4 (Camden and Gloucester)
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SYNOPSIS
Prohibits certain unsolicited checks.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel
AN ACT prohibiting certain unsolicited checks and supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. It shall be an unlawful practice for a person to send an unsolicited check to an individual which, upon being cashed or redeemed, automatically obligates the recipient to pay any fee or enrolls that individual in any club, service, plan, or continuing agreement.

For the purposes of this act, "unsolicited check" means any check mailed or otherwise delivered to a person, other than:

a. In response to a request or application for a check or account by the person;

b. As a substitute for a check or account previously issued to the person to whom the check is mailed or otherwise delivered; or

c. A check related to a consumer credit transaction or consumer loan business issued or provided by an insured depository institution as defined in 12 U.S.C. s.1813, a licensee under the New Jersey Consumer Finance Licensing Act, sections 1 through 49 of P.L.1996, c.157 (C.17:11c-1 et seq.), or other financial institution authorized to do business by the New Jersey Department of Banking and Insurance.

2. This act shall take effect on the first day of the third month after enactment.

STATEMENT

This bill makes it an unlawful practice for a person to send an unsolicited check to an individual which, upon being cashed or redeemed, automatically obligates the recipient to pay any fee or enrolls that individual in any club, service, plan or continuing agreement.

Checks which meet the following conditions are exempted from the bill’s provisions:

- checks which are mailed in response to a request or application for a check or account by the individual;
- substitutes for checks or accounts previously issued to the person; or
- those related to a consumer credit transaction or consumer loan issued by certain types of financial institutions.

An unlawful practice under the Consumer Fraud Act is punishable by a monetary penalty of not more than $10,000 for a first offense and not more than $20,000 for any subsequent offense.
In addition, violations can result in cease and desist orders issued by the Attorney General, the assessment of punitive damages and the awarding of treble damages and costs to the injured party.