

SECOND REGULAR SESSION

HOUSE BILL NO. 1945

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WASSON.

Read 1st time March 2, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

5343L.01I

AN ACT

To repeal sections 407.1240 and 407.1249, RSMo, and to enact in lieu thereof two new sections relating to travel clubs.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 407.1240 and 407.1249, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 407.1240 and 407.1249, to read as follows:

407.1240. As used in sections 407.1240 to 407.1252, the following terms shall mean:

2 (1) "Business day", [a day that government offices in this state are open for business]
3 **every day except Sundays and holidays;**

4 (2) "**Holiday**", **any day that the United States Post Office is closed;**

5 (3) "Membership fee", the initial or reoccurring fee that is unrelated to actual
6 pass-through costs associated with the use and enjoyment of travel benefits;

7 [(3)] (4) "Rescission statement", a statement that shall be printed on all contracts
8 pertaining to the purchase of travel club memberships from a travel club that shall provide in at
9 least fourteen-point bold type the following statement:

10 "Assuming you have not accessed any travel benefits and have returned to the travel club
11 all materials delivered to the purchaser at closing, you have the right to rescind this transaction
12 for a period of three business days after the date of this agreement. To exercise the right of
13 rescission, you must deliver to the travel club **either in person or by [certified] first class mail**
14 **postmarked** within the three-business-day period, [return receipt requested, at the address
15 referenced in this contract,] a written statement of your desire to rescind this transaction, and all

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 materials that were provided and given to you at the time of the purchase of your travel club
17 membership.";

18 [(4)] (5) "Surety bond", any surety bond, corporate guaranty, letter of credit, certificate
19 of deposit, or other bond or financial assurance in the sum of fifty thousand dollars that is
20 required to be delivered by travel clubs which have been adjudged to have violated subsection
21 4 or 5 of section 407.1252 and in the event that such surety bond is accessed subsequent to
22 posting as a result of the need to reimburse purchasers, the amount of the surety bond shall be
23 increased by ten thousand dollars per reimbursement. All surety bonds shall:

24 (a) Serve as a source of funds to reimburse purchasers of travel club memberships who
25 validly exercise their rights under the rescission statement in their contract but who are not, after
26 judgment, provided a refund equal to the purchase price of their unused travel club memberships
27 or, after settlement, equal to the terms of the settlement;

28 (b) Serve as a source of funds to reimburse purchasers of travel club memberships who
29 have been proven to be the subject of fraud;

30 (c) Remain in full force and effect during the period of time the travel club conducts its
31 business activities; and

32 (d) Be deemed acceptable to the attorney general if:

33 a. It is issued by an insurance company that possesses at least a "B+" rating, or its
34 equivalent by A.M. Best or its successors or by any other nationally recognized entity that rates
35 the creditworthiness of insurance companies;

36 b. It is in the form of a letter of credit that is issued by a banking institution with assets
37 of at least seventy-five million dollars;

38 c. It is in the form of a certificate of deposit; or

39 d. It is in a form that otherwise is acceptable to the attorney general;

40 [(5)] (6) "Travel benefits", benefits that are offered to travel club purchasers and
41 customers that include all forms of overnight resort, condominium, timeshare, hotel, motel, and
42 other rental housing of every nature; all forms of air travel and rental car access; all forms of
43 cruise line access [and usage]; and all other forms of discounted travel [services] **benefits** of
44 every nature;

45 [(6)] (7) "Travel club", any business enterprise that either directly, indirectly, or through
46 the use of a fulfillment company or other third party offers to sell to the public the reoccurring
47 right to purchase travel benefits at prices that are represented as being discounted from prices
48 otherwise not generally available to the public and charges members or customers a membership
49 fee that collectively equals no less than seven hundred fifty dollars.

407.1249. Assuming a purchaser has not otherwise accessed any travel benefits and
2 returns to the travel club all materials of value delivered to the purchaser at closing, all

3 purchasers of travel club memberships from a travel club that is registered shall have the
4 nonwaivable right for a period of three business days after the date of their purchase to rescind
5 and cancel their travel club purchase and receive a full refund of all sums otherwise paid to the
6 travel club within fifteen business days of such rescission, minus the [cost of any services
7 actually consumed or utilized] **actual and reasonable cost of processing the refund, including**
8 **credit card fees if applicable.** Individuals who purchase travel club memberships from a travel
9 club that is not registered under sections 407.1240 to 407.1252 shall have a nonwaivable right
10 for a period of three years from the date of purchase to rescind and cancel their travel club
11 membership and shall receive a full refund within fifteen business days of such rescission.

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