

SECOND REGULAR SESSION

# SENATE BILL NO. 1216

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GOODMAN.

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

TERRY L. SPIELER, Secretary.

5301S.011

## 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Section A. Sections 407.1240 and 407.1249, RSMo, are repealed and two  
2 new sections enacted in lieu thereof, to be known as sections 407.1240 and  
3 407.1249, to read as follows:

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

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

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

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

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

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

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 referenced in this contract, a written statement of your desire to rescind this  
20 transaction, and all materials that were provided and given to you at the time of  
21 the purchase of your travel club membership.";

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

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

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

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

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

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

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

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

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

46        [(5)] (6) "Travel benefits", benefits that are offered to travel club  
47 purchasers and customers that include all forms of overnight resort,  
48 condominium, timeshare, hotel, motel, and other rental housing of every nature;  
49 all forms of air travel and rental car access; all forms of cruise line access [and  
50 usage]; and all other forms of discounted travel [services] **benefits** of every  
51 nature;

52        [(6)] (7) "Travel club", any business enterprise that either directly,  
53 indirectly, or through the use of a fulfillment company or other third party offers  
54 to sell to the public the reoccurring right to purchase travel benefits at prices that

55 are represented as being discounted from prices otherwise not generally available  
56 to the public and charges members or customers a membership fee that  
57 collectively equals no less than seven hundred fifty dollars.

407.1249. Assuming a purchaser has not otherwise accessed any travel  
2 benefits and returns to the travel club all materials of value delivered to the  
3 purchaser at closing, all purchasers of travel club memberships from a travel club  
4 that is registered shall have the nonwaivable right for a period of three business  
5 days after the date of their purchase to rescind and cancel their travel club  
6 purchase and receive a full refund of all sums otherwise paid to the travel club  
7 within fifteen business days of such rescission, minus the [cost of any services  
8 actually consumed or utilized] **actual and reasonable cost of processing the**  
9 **refund, including credit card fees if applicable.** Individuals who purchase  
10 travel club memberships from a travel club that is not registered under sections  
11 407.1240 to 407.1252 shall have a nonwaivable right for a period of three years  
12 from the date of purchase to rescind and cancel their travel club membership and  
13 shall receive a full refund within fifteen business days of such rescission.

Bill ✓

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