

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 495

H. P. 380

House of Representatives, February 2, 1971

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mrs. Boudreau of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Relating to Rebates for Prospective Purchasers and Consumer's
Obligation under Home Solicitation Sales Act.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 32, § 4665, amended. Section 4665 of Title 32 of the Revised Statutes, as enacted by chapter 395 of the public laws of 1969, is amended to read as follows:

§ 4665. Consumer's obligation

Within ~~5~~ 15 days of notification to the seller of the avoidance of a contract or sale, the consumer ~~shall return to the seller or make available to the seller for return, in its original condition, any merchandise delivered to him under the contract or sale~~ upon demand shall tender to the seller any goods delivered to the seller pursuant to the sale or contract but need not tender at any place other than his residence. If the seller fails to take possession of such goods within 15 days after cancellation, the goods shall become the property of the consumer without obligation to pay for them.

Sec. 2. R. S., T. 32, § 4669, additional. Title 32 of the Revised Statutes is amended by adding a new section 4669 to read as follows:

§ 4669. Referral sales, rebate or discount violations

No seller, in any sale subject to this subchapter, shall offer to pay a commission or give a rebate or discount to the buyer in consideration of the buyer's giving to the seller the names of prospective purchasers or otherwise aiding the seller in making a sale to another person, if the earning of the commission, rebate or discount is contingent upon an event that is to happen subsequent to the time the buyer agrees to buy.

STATEMENT OF FACT

It is the intent of these additions to prevent further consumer fraud through the use of referral sales devices. Sellers utilize these devices to induce unwary consumers to purchase items at highly inflated prices on the false premise that for every referral or lead, to others who eventually purchase, the original purchaser will receive a rebate on his purchase price. Thus consumers make purchases on the chance that their referral list will produce a number of other purchasers thereby reducing the price on their contract. The potential for fraud and abuse of this device is apparent from its record. The opportunity to utilize such a gimmick as a gambling device has long been recognized.