

ASSEMBLY, No. 2442

STATE OF NEW JERSEY

INTRODUCED OCTOBER 21, 1996

By Assemblyman SULIGA

1 AN ACT concerning long-distance telecommunications service and  
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

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

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7 1. Long-distance telecommunications service constitutes a service  
8 within the term "merchandise" as defined in section 1 of P.L.1960,  
9 c.39 (C.56:8-1), and the provisions of P.L.1960, c.39 (C.56:8-1 et  
10 seq.) concerning the advertisement and sale of merchandise shall have  
11 the same application to the advertisement and sale of long-distance  
12 telecommunications service.

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14 2. It shall be an unlawful practice for a person to advertise or sell  
15 a long-distance telecommunications service:

16 a. If a subscriber's written authorization for a change in primary  
17 interexchange carrier is integrated into the inducement to change  
18 primary interexchange carrier; or

19 b. In a manner that purports to instruct a subscriber that the  
20 subscriber must take some action in order to retain the subscriber's  
21 current interexchange carrier.

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23 3. In addition to the penalties provided in P.L.1960, c.39 (C.56:8-1  
24 et seq.), as amended and supplemented, a person who violates the  
25 provisions of section 2 of P.L.1960, c.39 (C.56:8-2)(now before the  
26 Legislature as this bill), directly or through an agent, shall be subject  
27 to a penalty of \$5,000 for each telephone line the subscriber to which  
28 changed primary interexchange carrier as a result of the unlawful  
29 practice. In addition, if a subscriber who changed primary  
30 interexchange carrier as a result of an unlawful practice was charged  
31 for long-distance services, three times the amount billed for those  
32 services shall be returned to the subscriber.

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34 4. This act shall take effect immediately.

## STATEMENT

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3 This bill addresses the practice known as "slamming" where  
4 telephone subscribers are tricked into authorizing a change in their  
5 long-distance telecommunications carrier. Often, forms authorizing a  
6 change in long-distance carrier are disguised as a sweepstakes entry or  
7 a check; the consumer signs to enter the contest or cash the check  
8 unaware that they are authorizing the change in carrier. Frequently,  
9 the new carrier charges higher rates than the subscriber's previous  
10 carrier. "Slamming" is widespread and often targets elderly and  
11 non-English-speaking subscribers. The Federal Communications  
12 Commission received over 4,000 "slamming" complaints in a recent  
13 two-year period.

14 This bill would supplement the State's consumer fraud law,  
15 P.L.1960, c.39 (C.56:8-1), to include long-distance  
16 telecommunications services within the definition of "merchandise" as  
17 defined by the act, thereby subjecting the advertisement and sale of  
18 long-distance telecommunications service to the general provisions of  
19 that act. Violators would be subject to the penalties set forth in the  
20 consumer fraud law which may include a fine of no more than \$7,500  
21 for a first offense and no more than \$15,000 for any subsequent  
22 offense. In addition, the Attorney General is authorized to seek and  
23 obtain in a summary action an injunction prohibiting any violator from  
24 continuing the unlawful practice.

25 Further, the bill specifies instances where the advertisement or sale  
26 of long-distance services would be deemed unlawful practices under  
27 the consumer fraud law: if a subscriber's written authorization for a  
28 change in primary interexchange carrier is integrated into the  
29 inducement to change primary interexchange carrier or if the  
30 advertisement purports to instruct a subscriber that the subscriber  
31 must take some action in order to retain the subscriber's current  
32 interexchange carrier. The bill provides additional penalties for these  
33 violations consisting of a \$5,000 penalty for each telephone line the  
34 subscriber to which changed primary interexchange carrier as a result  
35 of the unlawful practice and the return of three times the amount billed  
36 if a subscriber who changed primary interexchange carrier as a result  
37 of an unlawful practice was charged for long-distance services.

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42 Prohibits certain deceptive advertising practices, known as  
43 "slamming," with regard to long-distance telecommunications services.