

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.