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MEMORANDUM

DATE: May 18, 2015

TO: Honorable Floyd Prozanksi, Chair
                Senate Committee on Judiciary

FROM: Janet Borth, Assistant Attorney General

SUBJECT: HB2383 – Registration of "Business Opportunity" Solicitors

RECOMMENDED ACTION
This testimony is presented in support of HB2383. We recommend that the Committee approve HB2383 with a do pass recommendation.

BACKGROUND ON THE FRAUD
- This scam-prone industry involves luring consumers to purchase "work from home" businesses that claim can make them "thousands" of dollars each month.
- The "businesses" provide no real value – it is usually a website that looks identical to thousands of others, or a promise of "coaching" sessions that are either never delivered or provide no added value
- The Department of Justice Consumer Complaint Hotline has received over 250 complaints regarding this problem, citing $1.1 million in losses. Often more vulnerable Oregonians are targeted.
- The Federal Trade Commission estimates that only one in 55 of this type of business is legitimate.

HOW HB2383 PREVENTS SCAM ARTISTS FROM TARGETING OREGONIANS
- The bill requires "business opportunities" solicitors to register as a "telephonic sellers."
- Under existing law, telephonic sellers must register with the Department of Justice under the name with which the seller conducts business, and consent to using the address listed as an acceptable one for service of process.
- This registration would allow the Department to serve notices and complaints upon scam artists, who typically will use shell corporations to avoid liability.
- In the past, the Department has had success curbing fraud by being able to quickly send notice of registration requirement to fraudulent companies. This quick method allows the Attorney General to send a message early and clear message to scammers.

THERE IS NO KNOWN FISCAL IMPACT FOR THE DEPARTMENT OF JUSTICE
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