

1 Thomas C. Horne
Attorney General
2 (Firm State Bar No. 14000)
Nancy V. Anger
3 Assistant Attorney General
State Bar No. 006810
4 Office of the Attorney General
1275 West Washington Street
5 Phoenix, AZ 85007-2926
Telephone: (602) 542-7710
6 Facsimile: (602) 542-4377
consumer@azag.gov

7 Attorneys for Plaintiff

8 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

9 IN AND FOR THE COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.* THOMAS C.
HORNE, Attorney General,

11 Plaintiff,

12 vs.

13 MAURICE J. CHELLIAH aka Butch Chelliah,
14 individually, and as a member of defendant
Suki Enterprises, LLC dba ES Payment
15 Systems aka Easy Street Merchants and dba
16 True Success Business Ventures aka True
Success Solutions; and FLORENCE N.
17 CHELLIAH, husband and wife;

18 KYLE A. EVANS, individually, and as a
19 member of defendant Fast Website Marketing,
LLC; also dba CGF Enterprises, LLC, dba My
20 Choice Business Services, dba Franklin
21 Financial, and as the husband of defendant
Chalonne Foerster;

22 VANESSA FITZGERALD, individually, and
23 as a member of defendant Suki Enterprises,
24 LLC dba ES Payment Systems aka Easy Street
Merchants, and dba True Success Business
25 Ventures aka True Success Solutions; and as the
26 wife of defendant Patrick V. Passarelli;

COPY

Case No.:

CV2012-009716

TEMPORARY RESTRAINING ORDER

UNDER SEAL

1 CHALONNE M. FOERSTER, aka Chalonne
2 M. Lucas, Chany Foerster, Charline Federal,
3 Chalonne Foerster, individually, and as a
4 member of defendant F Marketing Limited LLC
5 and defendant Suki Enterprises, LLC dba ES
6 Payment Systems aka Easy Street Merchants;
7 also dba True Success Business Ventures aka
8 True Success Solutions; dba Franklin Financial
9 Solutions; dba My Choice Business Services
10 and dba CGF Enterprises, LLC, and as the wife
11 of defendant Kyle A. Evans;

12 COLLEEN G. FOERSTER, individually, and
13 as managing member of defendant CGF
14 Enterprises, LLC, a Nevada corporation and
15 dba Pro Marketing Solutions;

16 MICHAEL ANTHONY MACERA,
17 individually, and as a member of ChoiceAdz,
18 LLC and Jane Doe Macera, husband and wife;

19 ROBERT JOHN MILLER, individually, and
20 dba D.W. Scott, LLC; dba The Economic
21 Freedom Corporation; dba The Economic
22 Freedom Group, and dba DBB Marketing
23 Solutions;

24 MELISSA SUE ODLE, aka MELISSA SUE
25 ANDERSON, aka MELISSA SUE GOSHORN
26 individually, and as a managing member of
defendant MS Enterprises, LLC; a member of
defendant Sagamore Marketing Solutions, LLC;
dba Innovative Marketing Strategies, LLC, dba
MSO Enterprises, and as the wife of defendant
Brian Scott Odle;

BRIAN SCOTT ODLE, individually, and as a
member of ChoiceAdz, LLC; dba Innovative
Marketing Strategies, LLC, dba Success West
Financial, LLC; dba The Economic Freedom
Corporation, dba The Economic Freedom
Group and dba DBB Marketing Solutions and
as the husband of defendant Melissa Sue Odle;

1 PATRICK V. PASSARELLI, individually, and
2 dba F Marketing, LLC; dba Suki Enterprises,
3 LLC; dba Pro Marketing Solutions and as the
4 husband of defendant Vanessa Fitzgerald;

5 BLAIN E. SCRIBNER, individually, and as an
6 officer/director of Scribner Marketing, Inc. ;
7 managing member of BES Enterprises, LLC
8 dba Franklin Financial Marketing; also dba The
9 Economic Freedom Corporation; dba The
10 Economic Freedom Group; dba DBB Marketing
11 Solutions; dba Success West Financial, LLC
12 and as the husband of defendant Teresa Jean
13 Scribner;

14 TERESA JEAN SCRIBNER, individually, and
15 as an officer/director of Scribner Marketing,
16 Inc. and as the wife of defendant Blain E.
17 Scribner;

18 SCOTT D. WALTERS, individually, and dba
19 The Economic Freedom Corporation; dba The
20 Economic Freedom Group, and dba DBB
21 Marketing;

22 JANE AND JOHN DOES 1 – 25

23 BES ENTERPRISES, LLC, a Wyoming
24 corporation, dba Franklin Financial Marketing;

25 CHOICEADZ, LLC, an Arizona corporation;

26 CGF ENTERPRISES, LLC, a Nevada
corporation;

F MARKETING LIMITED LLC, a Nevada
corporation, formerly an Arizona corporation;

FAST WEBSITE MARKETING, LLC, an
Arizona corporation;

MS ENTERPRISES, LLC, a Nevada

1 corporation;

2 SAGAMORE MARKETING SOLUTIONS,
3 LLC, an Arizona corporation;

4 SCRIBNER MARKETING, INC., an Arizona
5 corporation;

6 SUKI ENTERPRISES LLC, an Arizona
7 corporation dba True Success Solutions; dba ES
8 Payment Systems aka Easy Street Merchants;
9 dba True Success Business Ventures;

10 ABC CORPORATIONS 1 – 25.

11 Defendants,

12 WELLS FARGO BANK, N.A.;
13 J.P. MORGAN CHASE BANK, N.A.;
14 BANK OF AMERICA, N.A.
15 COMPASS BANK dba BBVA COMPASS
16 GLOBAL PAYMENTS, INC.
17 FIRST DATA CORP, DBA MERCHANT
18 SERVICES; GROUP ISO, INC.

19 Relief Defendants.

20 Plaintiff, State of Arizona, has filed its Verified Complaint for a Temporary Restraining
21 Order, Preliminary Injunction and Other Relief, and has moved for an *ex parte* Temporary
22 Restraining Order, pursuant to Rule 65(d), ARCP and A.R.S. § 12-1803. This Court has
23 considered the Complaint, Application for Temporary Restraining Order and Memorandum of
24 Points and Authorities and the accompanying declarations and exhibits, and finds that:

25 1. This Court has jurisdiction over the subject matter of this case and there is good
26 cause to believe it will have jurisdiction over the defendants.

2. Venue lies properly with this Court.

3. There is good cause to believe that defendants have engaged in, and are likely to

1 engage in, acts and practices in violation of the Arizona Consumer Fraud Act, A.R.S. § 44-1521,
2 *et seq.*, the Arizona Telephone Solicitation Act, A.R.S. § 44-1271, *et seq.*, the Arizona
3 Organized Crime, Fraud and Terrorism Act, A.R.S. § 13-2312, *et seq.*, and the Arizona
4 Deceptive Use of Name statute, A.R.S. § 44-1221, *et seq.*

5 4. It clearly appears to this Court from the specific facts in the Verified Complaint,
6 and Attorneys' Affidavit that immediate and irreparable injury, loss or damage will result to the
7 State before defendants can be heard in opposition as defendants will continue to engage in
8 violations of the above statutes and consumers nationwide will continue to be deceived into
9 purchasing these business opportunities and related services from defendants.

10 5. It further appears to this Court that there is good cause to believe that immediate
11 and irreparable damage to the Court's ability to grant effective final relief for consumers in the
12 form of monetary restitution will occur from the sale, transfer or other disposition or
13 concealment by defendants of their assets or corporate records unless defendants are
14 immediately restrained and enjoined by Order of this Court. There is thus good cause for an
15 asset freeze.

16 CONDUCT PROHIBITIONS

17 **IT IS THEREFORE ORDERED** defendants, their officers, agents, servants,
18 employees, attorneys and all those in active concert or participation with them who receive
19 actual notice of this Order by personal service or otherwise are hereby restrained and enjoined
20 from:

21 A. Engaging in any conduct in violation of the Arizona Consumer Fraud Act, A.R.S.
22 § 44-1522, *et seq.*, the Arizona Telephone Solicitations Act, A.R.S. § 44-1271, *et seq.*, the
23 Arizona Organized Crime, Fraud and Terrorism Act, A.R.S. § 44-13-2301, *et seq.* and the
24 Arizona Deceptive Use of Name statute, A.R.S. § 44-1221, *et seq.*

25 B. Engaging in, receiving any remuneration of any kind whatsoever from, holding
26 any ownership interest, share or stock in, or serving as an officer, director, trustee, manager or

1 salesperson of any business entity engaged, in whole or in part, in the advertisement and/or sale
2 of any business opportunity, web-based business opportunity sale or business opportunity
3 advertising, within the State of Arizona or to any consumer located in Arizona. The definition
4 of "business opportunity" is set forth in A.R.S. § 44-1271, *et seq.* as amended, 2012 Ariz. Legis.
5 Serv. Ch. 186 (H.B. 2825)(West) and attached hereto;

*The general effective date
of laws passed in 2012 is
August 2, 2012 JGG*

6 C. Misrepresenting the terms of any refund policy;

7 D. Refusing to honor requests for refunds where such requests are made in
8 accordance with Arizona law or the written contract;

9 E. Refusing to honor requests for cancellations where such requests are made in
10 accordance with the represented cancellation policy;

11 F. Refusing to honor requests for cancellations where such requests are made in
12 accordance with Arizona law;

13 G. Making any and all outbound telemarketing calls and/or e-mail solicitations with
14 respect to a business opportunity or any products/services associated with a business
15 opportunity within the State of Arizona;

16 H. Making any and all outbound telemarketing calls with respect to a business
17 opportunity or any products/services associated with a business opportunity, from any state, to
18 any consumer residing in the State of Arizona;

19 I. Providing to any person, including any natural person or his legal representative,
20 any partnership, domestic or foreign corporation, any company, trust, business entity, or
21 association, any agent, employee, salesman, partner, officer, director, member, stockholder,
22 associate, or trustee, other than a law-enforcement agency, the name, address, telephone number,
23 birth date, email address, Social Security number, Social Insurance number, credit or debit card
24 number, bank account number, or other financial or identifying personal information of any
25 consumer who provided such information to or did business with the defendants, their
26 successors, assigns, agents, employees, officers, servants and persons who acted in concert or

1 participation with them.

2 J. Destroying, concealing, defacing or otherwise altering or disposing of any books,
3 records, accounts or any other papers of any kind or nature relating to the any and all of
4 defendants' businesses and/or to the business and financial affairs of any of the defendants.

5 **ASSET FREEZE**

6 **IT IS FURTHER ORDERED** that Defendants and Relief Defendants, their officers,
7 agents, servants, employees, and attorneys, and all other persons in active concert or
8 participation with any of them, who receive actual notice of this Order by personal service or
9 otherwise, whether acting directly or through an trust, corporation, subsidiary, division, or other
10 device, or any of them, except as provided herein, as stipulated by the parties, be restrained and
11 enjoined from:

12 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
13 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or
14 security interest or other interest in, or otherwise disposing of, any funds, real or personal
15 property, accounts, contracts, shares of stock, lists of consumer names, or other assets, or any
16 interest therein, wherever located, including outside the territorial United States, that are:

- 17 1. owned, controlled, or held by, in whole or in part, for the benefit of,
18 or subject to access by, or belonging to, any defendant;
- 19 2. in the actual or constructive possession of any defendant; or
- 20 3. in the actual or constructive possession of, or owned, controlled, or
21 held by, or subject to access by, or belonging to, any other corporation, partnership, trust,
22 or any other entity directly or indirectly owned, managed, or controlled by, or under
23 common control with, any defendant, including, but not limited to, any assets held by or
24 for any defendant in any account at any bank or savings and loan institution, or with any
25 credit card processing agent, automated clearing house processor, network transaction
26 processor, bank debit processing agent, customer service agent, commercial mail

1 receiving agency, or mail holding or forwarding company, or any credit union, retirement
2 fund custodian, money market or mutual fund, storage company, trustee, or with any
3 broker dealer, escrow agent, title company, commodity trading company, precious metal
4 dealer, or other financial institution or depository of any kind, either within or outside the
5 territorial United States.

6 B. Opening or causing to be opened any safe deposit boxes, commercial mail boxes,
7 or storage facilities titled in the name of any defendant, or subject to access by any defendant or
8 under any defendant's control, without providing the State prior notice and an opportunity to
9 inspect the contents in order to determine that they contain no assets covered by this Section;

10 C. Cashing any checks, depositing any payments, accepting any wire transfers or
11 accepting any credit card charges from any and all customers or clients of defendants;

12 D. Incurring charges or cash advances on any credit card issued in the name, singly or
13 jointly, of any defendant; or

14 E. Incurring liens or encumbrances on real property, personal property, or other
15 assets in the name, singly or jointly, of any defendant or any corporation, partnership, or other
16 entity directly or indirectly owned, managed, or controlled by any defendant.

17 **DUTIES OF THIRD PARTIES**

18 **IT IS FURTHER ORDERED** that any financial institution, business entity, or person
19 maintaining or having custody or control of any account or other asset of any defendant, or any
20 corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by,
21 or under common control with, any defendant, which is served with a copy of this Order, or
22 otherwise has actual or constructive knowledge of this Order, shall:

23 A. Hold and retain within its control and prohibit the withdrawal, removal,
24 assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation,
25 conversion, sale, liquidation, or other disposal of any of the assets, funds, documents, or other
26 property held by, or under its control:

1. on behalf of, or for the benefit of, any defendant ;
2. in any account maintained in the name of, or for the benefit of, or subject to withdrawal by, any defendant; and
3. that are subject to access or use by, or under the signatory power of, any Defendant or other party subject to Section III above;

B. Deny Defendants access to any safe deposit boxes or storage facilities that are either:

1. titled in the name, individually or jointly, of any defendant, or
2. subject to access by any defendant.

C. Provide the State, within five (5) days of the date of service of this Order, a sworn statement setting forth:

1. the identification number of each account or asset titled in the name, individually or jointly, of any Defendant, or held on behalf of, or for the benefit of, any Defendant or other party subject to Section III above, including all trust accounts managed on behalf of any Defendant or subject to any Defendant's control;
2. the balance of each such account, or a description of the nature and value of such asset;
3. the identification and location of any safe deposit box, commercial mail box, or storage facility that is either titled in the name, individually or jointly, of any Defendant, or is otherwise subject to access or control by any Defendant or other party subject to Section III above, whether in whole or in part; and
4. If the account, safe deposit box, storage facility, or other asset has been closed or removed, the date closed or removed and the balance on said date; and

D. Allow representatives of State immediate access to inspect and copy; or upon State's request, within five (5) business days of said request, provide the State with copies of, all records or other documentation pertaining to each such account or asset, including, but not

1 limited to, originals or copies of account applications, account statements, corporate resolutions,
2 signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit
3 and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box
4 logs.

5 E. This Section shall apply to existing accounts and assets, assets deposited or
6 accounts opened after the effective date of this Order, and any accounts or assets maintained,
7 held or controlled three years prior to the effective date of this Order. This Section shall not
8 prohibit transfers in accordance with any provision of this Order, any further order of the Court,
9 or by written agreement of the parties.

10 REPATRIATION OF ASSETS AND DOCUMENTS

11 **IT IS FURTHER ORDERED** that Defendants shall:

12 A. Within three (3) business days following service of this Order, take such steps as
13 are necessary to repatriate to the territory of the United States of America all documents and
14 assets that are located outside such territory and are held by or for defendants or are under
15 defendants' direct or indirect control, jointly, severally, or individually;

16 B. Within three (3) business days following service of this Order, provide Plaintiff
17 with a full accounting of all documents and assets that are located outside of the territory of the
18 United States of America or that have been transferred to the territory of the United States of
19 America pursuant to Subsection A above and are held by or for any defendant or are under any
20 defendant's direct or indirect control, jointly, severally, or individually, including the addresses
21 and names of any foreign or domestic financial institution or other entity holding the Documents
22 and Assets, along with the account numbers and balances;

23 C. Hold and retain all such documents and assets and prevent any transfer,
24 disposition, or dissipation whatsoever of any such Documents or Assets; and

25 //

26 //

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
84

IT IS FURTHER ORDERED that, unless further extended by Order of this Court, this Temporary Restraining Order shall remain in effect pending a hearing upon and disposition of Plaintiff's Application for a Preliminary Injunction, but in any event, no later than the 12th day of July, 2012.

151 Lisa Daniel Flores
JUDGE OF THE SUPERIOR COURT

Senate Engrossed House Bill

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 186

HOUSE BILL 2825

AN ACT

AMENDING SECTIONS 44-1271, 44-1272, 44-1273 AND 44-1276, ARIZONA REVISED STATUTES; AMENDING TITLE 44, CHAPTER 9, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 44-1276.01, 44-1276.02 AND 44-1276.03; AMENDING SECTIONS 44-1279 AND 44-1281, ARIZONA REVISED STATUTES; RELATING TO TELEPHONE SOLICITATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 44-1271, Arizona Revised Statutes, is amended to read:

44-1271. Definitions

In this article, unless the context otherwise requires:

1. "BUSINESS OPPORTUNITY"

(a) MEANS THE SALE OR LEASE, OR OFFER FOR SALE OR LEASE, OF ANY GOODS OR SERVICES TO A CONSUMER FOR AN INITIAL PAYMENT OF FIVE HUNDRED DOLLARS OR GREATER FOR THE PURPOSE OF ENABLING THE CONSUMER TO START OR OPERATE A BUSINESS, WHICH SALE OR LEASE IS NOT LIMITED TO SALES INITIATED OR MADE BY THE TELEPHONE.

(b) INCLUDES A SOLICITATION OF CONSUMERS IN WHICH THE SELLER REPRESENTS ONE OR MORE OF THE FOLLOWING:

(i) THAT THE CONSUMER MAY OR WILL EARN AN AMOUNT IN EXCESS OF THE INITIAL PAYMENT AS A RESULT OF THE PURCHASE.

(ii) THAT A MARKET EXISTS FOR ANY GOODS TO BE MADE OR SOLD OR SERVICES TO BE RENDERED BY THE CONSUMER.

(iii) THAT THE SELLER WILL PROVIDE LOCATIONS OR ASSIST THE CONSUMER IN FINDING LOCATIONS FOR THE USE OR OPERATION OF VENDING MACHINES, RACKS, DISPLAY CASES OR OTHER SIMILAR DEVICES OR CURRENCY-OPERATED AMUSEMENT MACHINES OR DEVICES OR ANY OTHER DEVICES.

(iv) THAT THE SELLER MAY PURCHASE FROM THE CONSUMER GOODS TO BE MADE OR SERVICES TO BE RENDERED BY THE CONSUMER.

(v) THAT THE SELLER GUARANTEES, EITHER CONDITIONALLY OR UNCONDITIONALLY, THAT THE CONSUMER WILL DERIVE INCOME FROM THE BUSINESS OPPORTUNITY OR THAT THE SELLER WILL REFUND ALL OR PART OF THE PRICE PAID FOR THE BUSINESS OPPORTUNITY OR REPURCHASE ANY OF THE GOODS SUPPLIED BY THE SELLER IF THE CONSUMER IS UNSATISFIED WITH THE BUSINESS OPPORTUNITY.

(vi) THAT THE SELLER OR AN ENTITY ASSOCIATED WITH THE SELLER WILL PROVIDE A SALES PROGRAM OR MARKETING PROGRAM TO THE CONSUMER UNLESS THE MARKETING PROGRAM IS OFFERED IN CONJUNCTION WITH THE LICENSING OF A REGISTERED TRADEMARK OR SERVICE MARK, IF THE TRADEMARK OR SERVICE MARK HAS BEEN EFFECTIVELY REGISTERED UNDER FEDERAL LAW.

(c) DOES NOT INCLUDE:

(i) THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF AN ONGOING BUSINESS WHERE THE OWNER OF THAT BUSINESS SELLS AND INTENDS TO SELL ONLY THAT ONE BUSINESS OPPORTUNITY.

(ii) THE NOT-FOR-PROFIT SALE OF SALES DEMONSTRATION EQUIPMENT, MATERIALS OR SAMPLES FOR A TOTAL PRICE OF FIVE HUNDRED DOLLARS OR LESS.

(iii) THE SALE OF A FRANCHISE AS DEFINED BY THE FEDERAL TRADE COMMISSION REGULATIONS AS SET FORTH IN 16 CODE OF FEDERAL REGULATIONS SECTION 436.1.

~~1-~~ 2. "Consumer" means a person who is solicited by a seller or solicitor.

3. "GOODS" MEANS ANY MERCHANDISE, EQUIPMENT, PRODUCTS, SUPPLIES OR MATERIALS.

4. "INITIAL PAYMENT" MEANS THE TOTAL AMOUNT THE PURCHASER BECOMES OBLIGATED TO PAY TO THE SELLER AND TO ANY THIRD PARTY FOR GOODS, SERVICES OR MERCHANDISE RELATED TO A PREVIOUSLY PURCHASED BUSINESS OPPORTUNITY, EITHER PRIOR TO OR AT THE TIME OF THE DELIVERY OF ANY GOODS, SERVICES OR MERCHANDISE WITHIN SIX MONTHS AFTER THE COMMENCEMENT OF THE OPERATION OF THE BUSINESS OPPORTUNITY BY THE PURCHASER.

~~2-~~ 5. "Licensed associated person of a securities, commodities or investments broker" means any associated person registered or licensed by the national association of securities dealers, a self-regulatory organization as defined in the securities exchange act of 1934 (15 United States Code section 78c) or an official or agency of this state or of any other state of the United States.

~~3-~~ 6. "Licensed securities commodities or investments broker, dealer or investment advisor" means a person licensed or registered as a securities commodities or investments broker, dealer or investment advisor by the securities and exchange commission, the national association of securities dealers, a self-regulatory organization as defined in the securities exchange act of 1934 (15 United States Code section 78c) or an official or agency of this state or of any other state of the United States.

~~4-~~ 7. "Manager" means a person who supervises the work of a solicitor.

~~5-~~ 8. "Merchandise" means objects, wares, goods, commodities, intangibles, real estate, securities or services.

~~6-~~ 9. "Person" means:

(a) A natural person or the person's legal representative.

(b) A partnership, a limited liability company, a limited liability partnership or a domestic or foreign corporation.

(c) A company, trust, business entity or association.

(d) An agent, employee, salesman, partner, officer, director, member, stockholder, associate or trustee.

(e) Any other legal entity or any group associated in fact although not a legal entity.

~~7-~~ 10. "Premium" means any gift, bonus, prize, award or other incentive or inducement to purchase merchandise.

~~8-~~ 11. "Principal" means an owner or an officer of a corporation or limited liability company, a general partner of a partnership, a sole proprietor of a sole proprietorship, a partner of a limited liability partnership, a trustee of a trust and any other individual who controls, manages or supervises a telephone sales operation.

~~9-~~ 12. "Prize" means anything offered or purportedly offered and given or purportedly given to a person by chance. Chance exists if a person is guaranteed to receive an item and at the time of the offer or purported offer the seller or solicitor does not identify the specific item that the person will receive.

~~10-~~ 13. "Prize promotion" means a sweepstakes or other game of chance or an oral or written express or implied representation that a person has won, has been selected to receive or may be eligible to receive a prize or purported prize.

~~11-~~ 14. "Recovery service" means any business or other practice in which a person represents or implies that the person will recover or assist in recovering for a fee any amount of money that a consumer has provided to a seller pursuant to a telephone solicitation.

~~12-~~ 15. "Seller" means a person who, directly or through a solicitor, does any of the following:

(a) Initiates telephone calls to provide or arrange to provide merchandise to consumers in exchange for payment.

(b) Solicits by telephone in response to inquiries from a consumer generated by a notification or communication sent or delivered to the consumer that represents or implies that:

(i) The consumer has been specially selected in any manner to receive the notification or communication or the offer contained in the notification or communication.

(ii) The consumer will receive a premium if the consumer calls the person.

(iii) If the consumer purchases merchandise from the person, the consumer will also receive additional or other merchandise, the same as or different from the type of merchandise purchased, without any additional charge or for a price that the person represents or implies is less than the regular price of the merchandise.

(iv) The person is offering for sale the services of a recovery service.

(v) The person is offering to make a loan, to arrange or assist in arranging a loan or to assist in providing information that may lead to obtaining a loan unless no payment of any kind is made until the loan proceeds are disbursed to the borrower.

(vi) The consumer will receive a credit card if the consumer pays a fee for the card before receiving the card.

(vii) THE PERSON IS OFFERING FOR SALE IDENTITY PROTECTION ASSISTANCE.

(c) Solicits by telephone in response to inquiries generated by advertisements on behalf of the person that represent or imply that:

(i) The person is offering to sell the services of a recovery service.

(ii) The person is offering to make a loan, to arrange or assist in arranging a loan or to assist in providing information that may lead to obtaining a loan unless no payment of any kind is made until the loan proceeds are disbursed to the borrower.

(iii) The consumer will receive a credit card if the consumer pays a fee for the card before receiving the card.

(d) SOLICITS CONSUMERS TO PURCHASE A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY THROUGH ANY MEANS INCLUDING THE TELEPHONE, INTERNET OR MAIL OR OTHER HARD COPY TEXT OR THROUGH ANY ELECTRONIC, WIRELESS OR OTHER COMMUNICATION MEDIA.

~~13-~~ 16. "Solicitor" means a person, other than a seller or employee of a seller, who uses a telephone to seek sales or rentals of merchandise on behalf of a seller or uses a telephone to verify sales or rentals for a seller.

~~14-~~ 17. "Subscriber" means a person who subscribes to residential telephone service from a local exchange company and any person who lives or subscribes with that person.

~~15-~~ 18. "Telephone solicitation" means any voice communication to a telephone number in this state from a live operator, announcing device or otherwise to offer merchandise for sale or rent.

Sec. 2. Section 44-1272, Arizona Revised Statutes, is amended to read:

44-1272. Telephone seller; registration; business opportunities; late filing penalty

A. A seller shall file a verified registration statement with the secretary of state before the seller solicits any consumer from a location in this state or any consumer located in this state. Each principal of the seller shall sign the registration statement, have the signature notarized and file the statement with the secretary of state along with the annual registration fee prescribed by section 44-1275. The registration statement expires on June 30 of each year and shall be annually renewed by completing a new registration statement within thirty days before expiration AND PAYING THE ANNUAL REGISTRATION FEE. If a seller is delinquent in filing its annual registration statement, the secretary of state may assess a late filing penalty NOT TO EXCEED ONE HUNDRED DOLLARS when the seller submits its annual registration statement. IF A SELLER FAILS TO RENEW ITS ANNUAL REGISTRATION

STATEMENT BEFORE SEPTEMBER 30 OF EACH YEAR, THE SELLER IS UNREGISTERED.

B. If, before the expiration of a seller's annual registration, there is a change in any of the information required by subsection C of this section, within ten days of the change the seller shall file a supplemental statement with the secretary of state, except that a seller shall only update quarterly any changes in solicitors hired by the seller.

C. Each registration statement shall contain all of the following information:

1. The true legal name of the seller.
2. The name under which the seller is doing business or intends to do business.
3. The seller's business form and state of organization.
4. If the seller is a corporation or limited liability company, a copy of its articles of incorporation and bylaws and amendments to the bylaws. If the seller is a partnership or limited liability partnership, a copy of the partnership agreement. If the seller is operating under a fictitious business name, the location where the fictitious name has been registered.
5. The complete street address of the physical location of the principal place of business of the seller, the complete street address of all other locations from which the seller will be conducting business and all telephone numbers for telephones at these locations.
6. For each principal and manager, the true legal name, residence address, telephone number and date of birth and a clear and legible copy of the current driver license or valid government issued photo identification card. A seller is not required to submit the information required in this section for the seller's employees.
7. For each manager, the address of the business location for which the manager is responsible.
8. For each solicitor, the solicitor's true legal name, business address and telephone number and, for each principal and manager of a solicitor, the true legal name, residence address, telephone number and date of birth and a clear and legible copy of the current driver license or valid government issued photo identification card. A solicitor is not required to submit the information required in this section for the solicitor's employees.
9. The name and address of the seller's agent in this state who is authorized to receive service of process in this state.
10. A copy of the bond filed with the state treasurer pursuant to section 44-1274.
11. Whether a principal or manager:
 - (a) Has been convicted or pleaded no contest to a felony or misdemeanor involving moral turpitude or a violation of this article.
 - (b) Has been held liable in a civil action, either by final judgment or by entry of a stipulated judgment, if the civil action alleged fraud, embezzlement, racketeering, fraudulent conversion or misappropriation of property or a violation of this article or the use of untrue or misleading representations in an attempt to sell or dispose of real or personal property or the use of unfair, unlawful or deceptive business practices.
 - (c) Is subject to a currently effective injunction or restrictive order relating to a business activity as a result of an action brought by a public agency or department, including an action affecting a vocational license. The statement shall include the name of the court, the date of the conviction, the judgment, order or injunction and, if applicable, the name of the governmental agency that filed the action resulting in the conviction, judgment, order or injunction.
12. A copy of any:
 - (a) Script, outline or presentation the seller will require or suggest that a solicitor use, except that if the seller does not require or suggest a script, outline or presentation, a statement that no such document is required or suggested.
 - (b) Sales information and literature provided by the seller to a solicitor or described by the seller for use by the solicitor, including scripts, outlines, presentations, information on how to conduct telephone sales, sample instructions, sample closings, product information and contest or premium award information.
 - (c) Sales information and any other literature provided by the seller to a consumer in connection with any solicitation.
13. IF THE SELLER IS SOLICITING CONSUMERS TO PURCHASE A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY:
 - (a) THE BUSINESS EXPERIENCE OF THE SELLER, INCLUDING THE LENGTH OF TIME THAT THE SELLER HAS SOLD THE BUSINESS OPPORTUNITY BEING OFFERED TO CONSUMERS OR SOLD ANY OTHER BUSINESS OPPORTUNITY TO CONSUMERS.
 - (b) THE NAMES OF ALL BUSINESSES FOR WHICH EACH PRINCIPAL OR MANAGER PREVIOUSLY SOLD BUSINESS OPPORTUNITIES.
 - (c) THE DATES THAT EACH PRINCIPAL OR MANAGER PREVIOUSLY SOLD BUSINESS OPPORTUNITIES.
14. IF A SOLICITATION INVOLVES A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY:
 - (a) A FACTUAL DESCRIPTION OF THE BUSINESS OPPORTUNITY OFFERED TO BE SOLD AND OF THE MERCHANDISE, TRAINING AND ASSISTANCE THAT THE SELLER WILL PROVIDE TO THE CONSUMER.

(b) A STATEMENT DESCRIBING ANY GOODS, SERVICES, SIGNS OR FIXTURES RELATING TO THE ESTABLISHMENT OR THE OPERATION OF THE BUSINESS OPPORTUNITY THAT THE CONSUMER IS REQUIRED TO PURCHASE, LEASE OR RENT DIRECTLY OR INDIRECTLY FROM THE SELLER.

D. If a seller expressly represents or implies to any consumer, directly or through a solicitor, that the consumer is or may be eligible to receive any premium, the seller shall submit with the registration statement another statement setting forth for each premium mentioned:

1. A description of the premium.

2. The value or worth of the premium and the basis for the valuation.

3. All terms and conditions a consumer must satisfy in order to receive the premium.

4. The odds of being able to receive the premium, and if the odds are not calculable in advance, the factors used in calculating the odds.

5. If the consumer will receive fewer than all of the premiums described by the seller:

(a) The manner in which the seller decides which premium the consumer will receive.

(b) The odds of being able to receive each premium, and if the odds are not calculable in advance, the factors used in calculating the odds.

(c) The name and address of each person who within the past twelve months has received the premium having the greatest value and the premium with the smallest odds of being received.

E. If the seller expressly represents or implies to any consumer, directly or through a solicitor, that the seller can or may be able to make a loan, arrange a loan, assist in arranging a loan or assist in providing information that may lead to obtaining a loan, the seller shall submit with the registration statement another statement setting forth:

1. For the previous twenty-four months, the names and addresses of any person who lent money to:

(a) Consumers who responded to the solicitations of the seller's predecessor or the seller's officers or owners or those persons having present management responsibilities or to companies with which they were associated.

(b) The seller's predecessor or the seller's officers or owners or those persons having present management responsibilities or to those companies with which they were associated for them to lend to consumers who responded to solicitations.

2. For the twelve months after the date of the registration, the names and addresses of all persons who informed the seller that they may be able to lend money to consumers solicited by the seller or to the seller for the seller to lend to consumers who respond to the seller's representations that the seller can make a loan, arrange a loan, assist in arranging a loan or assist in providing information that can lead to obtaining a loan.

3. Copies of all contracts between the seller and lenders or prospective lenders who may lend money:

(a) To the seller to lend to consumers who, in conjunction with the seller's business, respond to the seller's representations that the seller can make a loan, arrange a loan, assist in arranging a loan or assist in providing information that can lead to obtaining a loan.

(b) Directly to consumers to whom the seller may represent that it can arrange or assist in providing information that can lead to obtaining a loan.

F. If any change is made to any script, outline, presentation, sales information or literature to be used by a seller during any solicitation, the seller shall submit the new or revised material before it is used.

G. Compliance with the registration and filing requirements of this article by a seller does not constitute an approval or endorsement by this state of the seller's registration documents or conduct.

Sec. 3. Section 44-1273, Arizona Revised Statutes, is amended to read:

44-1273. Limited exemptions

A. The following sellers are not required to register and, except for section 44-1278, subsection B and section 44-1282, are exempt from this article:

1. A person acting within the scope of a license issued under title 20.

2. A person who is registered with the secretary of state pursuant to section 44-6552 or who is exempt from registration pursuant to section 44-6553.

3. A person making telephone solicitations without the intent to complete and who does not complete the sales presentation during the telephone solicitation but completes the sales presentation at a later face-to-face meeting between the solicitor and the consumer provided that the later face-to-face meeting is not for the purpose of collecting the payment or delivering any item purchased.

4. A person who after making a telephone contact with a consumer sends the consumer descriptive literature and does not require payment before the consumer's review of the descriptive literature and the person is not conducting a solicitation involving any of the following:

(a) The sale of an investment or an opportunity for an investment that is not registered with any state or federal authority.

(b) A prize promotion or premium.

(c) A recovery service.

(d) A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY.

5. A person or solicitor for a person who operates a retail business establishment under the same name as the name used in the solicitation of sales by telephone, if on a continuing basis all of the following apply:

(a) Merchandise is displayed and offered for sale or services are offered for sale and provided at the person's business establishment.

(b) At least fifty per cent of the person's business involves the buyer obtaining the merchandise at the person's business establishment.

(c) The person holds a transaction privilege tax license pursuant to title 42, chapter 5.

6. A person or solicitor for a person soliciting another business if all of the following occur APPLY:

(a) At least fifty per cent of the person's dollar volume consists of repeat sales to existing businesses.

(b) The person does not conduct a prize promotion that requires or implies that to win a consumer must pay money or purchase merchandise.

(c) Neither the person nor any of the person's principals has within twenty years been convicted in any state of a felony or crime of moral turpitude, breach of trust, fraud, theft, dishonesty or violation of telephone solicitation laws, been subject to a final judgment in a civil action involving fraud, deceit or misrepresentation or been subject to an administrative order involving fraud, deceit, misrepresentation or any violation of telephone solicitations laws of any agency of this state, another state, the federal government, a territory of the United States or another country.

(d) THE PERSON IS NOT SELLING A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY.

7. A person or solicitor on behalf of a person who solicits sales by periodically publishing and delivering a catalog to consumers if all of the following apply:

(a) The catalog contains a written description or illustration of each item offered for sale and the price of each item offered for sale.

(b) The catalog includes the business address or home office address of the person.

(c) The catalog includes at least twenty-four pages of written material and illustrations.

(d) The catalog is distributed in more than one state and has an annual circulation by mail of at least two hundred fifty thousand.

B. The following sellers shall file a limited registration statement pursuant to section 44-1272.01 and, except for sections 44-1278 and 44-1282, are exempt from this article:

1. A person acting within the scope of a license issued under title 6 or 32 or by the corporation commission pursuant to this title, except persons licensed under title 6, chapter 13.

2. If soliciting within the scope of the license, any licensed securities, commodities or investments broker or dealer or investment advisor or any licensed associated person of a securities, commodities or investments broker or dealer or investment advisor.

3. An issuer or a subsidiary of an issuer that has a class of securities that is subject to section 12 of the securities exchange act of 1934 (15 United States Code sections 78a through 78mm) and that is either registered or exempt from registration under paragraph (A), (B), (C), (E), (F), (G) or (H) or subsection (g)(2) of section 12 of the act. A subsidiary of an issuer that qualifies for exemption under this paragraph is not exempt unless at least sixty per cent of the voting power of the subsidiary's shares is owned by the qualifying issuer or issuers.

4. A person certificated or regulated by the corporation commission pursuant to title 40, chapter 2 or a subsidiary of that person or a federal communications commission licensed cellular telephone company or radio telecommunication services provider.

5. A person making telephone solicitations for a newspaper of general circulation, a magazine or a licensed or franchised cable television system.

6. An issuer or subsidiary of an issuer that is subject to registration under chapter 12, article 6 or 7 of this title or that is exempt from registration under section 44-1843, subsection A, paragraph 1, 2, 3, 4, 5, 7 or 9.

7. A person making telephone solicitations for the sale or purchase of books, recordings, videocassettes and similar goods through a membership group or club regulated by the federal trade commission or through a contractual plan or arrangement such as a continuity plan, subscription arrangement, series arrangement or single purchase under which the seller ships goods to a consumer who has consented in advance to receive those goods and the recipient is given the opportunity to review goods for at least seven days and to receive a full refund for return of undamaged goods.

8. A person or solicitor for a person when soliciting previous customers, if all of the following apply:

(a) The person is not offering to sell or selling a security that is not registered with any state or federal authority.

(b) The person makes the solicitation under the same name as the name used to sell merchandise to the customer previously.

(c) The person does not operate a recovery service.

(d) The person does not conduct a prize promotion that requires a consumer to, or implies that to win a consumer must, pay money or purchase merchandise.

(e) The person has not, or any of its principals have not, within twenty years been convicted in any state of a

felony or a crime of moral turpitude, breach of trust, fraud, theft, dishonesty or a violation of telephone solicitation laws, been subject to a final judgment in a civil action involving fraud, deceit or misrepresentation or been subject to an administrative order involving fraud, deceit, misrepresentation or any violation of telephone solicitation laws of any agency of this state, another state, the federal government, a territory of the United States or another country.

9. A person making telephone solicitations exclusively for the purpose of the sale of telephone answering services to be provided by that person or that person's employer.

10. Any bank holding company, bank, financial institution, trust company, savings and loan association, credit union, mortgage banker or broker, consumer lender or insurer that is licensed or supervised by an official or agency of this state, any other state or the United States, including any parent, subsidiary or affiliate of these institutions.

11. A person providing telemarketing sales service continuously for at least five years under the same ownership and control that derives seventy-five per cent of its gross telemarketing sales revenues from contracts with persons exempted by this section. A seller using an exempt telemarketing sales service is not exempt unless otherwise qualifying for an exemption under this section.

C. On request by the secretary of state, the director of the department of insurance shall provide a current list in a mutually acceptable electronic format to the secretary of state of the requested licensees described in subsection A, paragraph 1 of this section that includes all of the following information:

1. The true legal name of the seller.
2. All of the names under which the seller is doing business or intends to do business.
3. The complete street address of the physical location of the principal place of business of the seller and the telephone number for the location.

4. The name and address of the seller's agent who is authorized to receive service of process in this state.

D. In any civil proceeding alleging a violation of this article, the burden of proving an exemption or an exception from a definition is on the person claiming the exemption or exception. In any criminal proceeding in which a violation of this article is alleged, the burden of producing evidence to support a defense based on an exemption or an exception from a definition is on the person claiming the exemption or exception.

E. Any person or solicitor exempted in part from this article by this section shall not make or submit a charge to a consumer's credit card account or a consumer's checking, savings, share or similar account unless any of the following apply APPLIES:

1. The person provides that the consumer may receive a full refund for the return of undamaged and unused goods or a cancellation of services by providing notice to the person within seven days after the date that the consumer receives the merchandise and the person processes:

(a) A full refund within thirty days after the date that the person receives the returned merchandise from the consumer.

(b) A full refund within thirty days after the purchaser of services cancels an order for the services or a pro rata refund for any services not yet performed for the consumer.

2. The person provides the consumer with a signed copy of a written contract that includes the person's name, address and business telephone number and that fully describes the merchandise offered by the person, the total price to be charged by the person and any terms or conditions affecting the sale.

3. The person is an organization that is registered with the secretary of state pursuant to section 44-6552 or that is exempt from registration pursuant to section 44-6553.

Sec. 4. Section 44-1276, Arizona Revised Statutes, is amended to read:

44-1276. Required disclosures; payment for goods; identification of seller or solicitor; cancellation of telephone solicitation or business opportunity sale; notice of right to cancel

A. Before beginning the solicitation or sales presentation over the telephone, the seller or solicitor shall disclose to the consumer:

1. The complete street address of the physical location from which the seller or solicitor is making the telephone solicitation and the complete street address of the seller's principal location.
2. The legal name of the seller on whose behalf the solicitor is making the solicitation.
3. The solicitor's true legal name.
4. That the purpose of the call is to sell merchandise.

B. During any solicitation or sales presentation made by a seller or solicitor and in any written correspondence provided to the consumer as part of the solicitation, the seller or solicitor shall clearly and conspicuously disclose to the consumer:

1. Any charge, including the amount for the use of any premium being offered.
2. Any material restriction, requirement, condition, limitation or exception that is associated with the use of the premium.
3. Any charge connected with the sale of merchandise.
4. The time period within which any premium will be delivered.
5. The consumer's right to cancel the transaction pursuant to subsection C.

C. In addition to any right to otherwise revoke an offer, the consumer may cancel a telephone solicitation sale up to midnight of the third business day after the receipt of the merchandise or premium, whichever is later.

D. No telephone solicitation sale OR SALE OF A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY is effective unless the consumer is both:

1. Advised orally and in writing of the legal name, telephone number and complete street address of the physical location of the seller.

2. Advised orally of the right of cancellation along with a written notice containing the following information:

Notice of Cancellation

1. You may cancel this order without any penalty or obligation within three business days from the delivery of the merchandise or premium (gift, bonus, prize or award), whichever is later.

2. If you cancel, any payments made by you will be returned within ten days after the receipt by the seller of your notice of cancellation.

3. To cancel this transaction, mail or deliver a signed and dated copy of your cancellation notice or send a telegram to _____ at _____.
(Name of seller) (Address of seller's place of business)

4. If you cancel, any merchandise or premium delivered to you must be returned at our expense to _____ (Name of seller)
at _____ (Address of seller's place of business)

no later than twenty-one business days after the receipt of this merchandise or premium, whichever is later.

E. The notice of cancellation given by the consumer is effective if it indicates the intention on the part of the consumer not to be bound by the telephone solicitation sale OR SALE OF A BUSINESS OPPORTUNITY OR MERCHANDISE RELATED TO A BUSINESS OPPORTUNITY.

F. A provision of a contract, offer or agreement that waives a consumer's right of cancellation under this section is void and has no effect.

G. A SOLICITOR SHALL ACCURATELY IDENTIFY THEMSELVES ON CALLER IDENTIFICATION WHEN MAKING A TELEPHONE SOLICITATION CALL TO A RESIDENTIAL OR MOBILE TELEPHONE IN ARIZONA.

~~G.~~ H. For the purposes of this section, business day does not include Sunday or a federal or state holiday.

Sec. 5. Title 44, chapter 9, article 6, Arizona Revised Statutes, is amended by adding sections 44-1276.01, 44-1276.02 and 44-1276.03, to read:

44-1276.01. Business opportunities; disclosure to consumer

A. A SELLER WHO OFFERS OR SELLS A BUSINESS OPPORTUNITY AND WHO IS REQUIRED TO FILE A REGISTRATION STATEMENT PURSUANT TO SECTION 44-1272 SHALL NOT SOLICIT A CONSUMER FROM A LOCATION IN THIS STATE OR A CONSUMER LOCATED IN THIS STATE UNLESS THE SELLER PROVIDES A WRITTEN DISCLOSURE DOCUMENT TO THE CONSUMER. THE SELLER SHALL DELIVER THE WRITTEN DISCLOSURE DOCUMENT TO THE CONSUMER AT LEAST FIVE BUSINESS DAYS BEFORE THE EARLIER OF THE CONSUMER'S EXECUTION OF A CONTRACT IMPOSING A BINDING LEGAL OBLIGATION ON THE CONSUMER OR THE PAYMENT OF ANY MONIES, RECEIPT OF ANYTHING OF VALUE OR AUTHORIZATION TO CHARGE A CREDIT OR DEBIT CARD.

B. THE DISCLOSURE DOCUMENT SHALL HAVE A COVER SHEET THAT CONTAINS ONLY THE FOLLOWING INFORMATION:

1. A TITLE AND STATEMENT THAT ARE PRINTED IN AT LEAST TEN POINT BOLD TYPE AND THAT SHALL APPEAR AS FOLLOWS:

DISCLOSURES REQUIRED BY ARIZONA LAW

THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT YOUR PURCHASE OF THIS BUSINESS OPPORTUNITY, SEEK PROFESSIONAL ADVICE BEFORE YOU SIGN A CONTRACT OR MAKE ANY PAYMENT. YOU ARE TO BE PROVIDED FIVE BUSINESS DAYS TO REVIEW THIS DOCUMENT BEFORE SIGNING A CONTRACT OR MAKING ANY PAYMENT TO THE SELLER OR THE SELLER'S REPRESENTATIVE.

2. THE SELLER'S NAME AND PRINCIPAL BUSINESS ADDRESS AND THE DATE OF THE DISCLOSURE DOCUMENT.

C. THE DISCLOSURE DOCUMENT SHALL CONTAIN AT LEAST THE FOLLOWING INFORMATION, WHICH SHALL BE PRESENTED IN A SINGLE DOCUMENT IN THE FOLLOWING ORDER:

1. A FACTUAL DESCRIPTION OF THE BUSINESS OPPORTUNITY THAT THE SELLER IS OFFERING TO SELL TO THE CONSUMER, INCLUDING A FULL AND DETAILED DESCRIPTION OF THE ACTUAL GOODS OR SERVICES THAT THE SELLER UNDERTAKES TO SUPPLY TO OR PERFORM FOR THE CONSUMER AND THE ACTUAL SERVICES THAT THE CONSUMER UNDERTAKES TO PERFORM, INCLUDING COMPLIANCE WITH PROCEDURES ESTABLISHED BY THE SELLER REGARDING THE

OPERATION OF THE BUSINESS.

2. A STATEMENT OF THE EXACT SUM OF THE TOTAL MONIES THAT THE SELLER REQUIRES THE CONSUMER TO PAY TO A SPECIFICALLY NAMED PERSON OR ANY OTHER PERSON KNOWN TO THE SELLER WHO RECEIVES ANY CONSIDERATION INCIDENT TO THE TRANSACTION OR WHICH THE SELLER OR ANY PERSON AFFILIATED WITH THE SELLER COLLECTS IN WHOLE OR IN PART ON BEHALF OF ANY PARTY IN ORDER TO OBTAIN OR COMMENCE THE BUSINESS OPPORTUNITY OPERATION, INCLUDING INITIAL FEES, DEPOSITS, DOWN PAYMENTS, PREPAID RENT, EQUIPMENT AND INVENTORY PURCHASES OR MARKETING EXPENSES. THE SELLER SHALL DISCLOSE IF ALL OR PART OF THESE FEES OR DEPOSITS ARE RETURNABLE UNDER CERTAIN CONDITIONS OR IF ALL OR PART OF THE FEES OR DEPOSITS ARE NOT RETURNABLE.

3. A STATEMENT DESCRIBING ANY RECURRING MONIES THAT THE CONSUMER IS OR MAY BE ASKED TO PAY TO ANY PERSON IN CONNECTION WITH CARRYING ON THE BUSINESS OPPORTUNITY, INCLUDING ADVERTISING, TRAINING, ROYALTY, LEASE OR RENTAL FEES OR EQUIPMENT OR INVENTORY PURCHASES.

4. A STATEMENT ADVISING CONSUMERS AS FOLLOWS, "AS REQUIRED BY ARIZONA LAW, THE SELLER HAS FILED ITS ANNUAL REGISTRATION STATEMENT WITH THE ARIZONA SECRETARY OF STATE."

5. A STATEMENT ADVISING CONSUMERS OF ONE OF THE FOLLOWING:

(a) "AS REQUIRED BY ARIZONA LAW, THE SELLER HAS SECURED A BOND ISSUED BY _____ (NAME AND ADDRESS OF SURETY COMPANY), A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN ARIZONA."

(b) "AS REQUIRED BY ARIZONA LAW, THE SELLER HAS DEPOSITED WITH THE ARIZONA STATE TREASURER A CASH DEPOSIT IN THE AMOUNT OF ONE HUNDRED THOUSAND DOLLARS."

6. A STATEMENT DISCLOSING THE NAME OF EACH PERSON, INCLUDING THE SELLER AND ITS AFFILIATES, WITH WHOM THE SELLER DIRECTLY OR INDIRECTLY REQUIRES OR ADVISES THE CONSUMER TO DO BUSINESS.

7. A STATEMENT DESCRIBING ANY GOODS, SERVICES, REAL ESTATE, INVENTORIES, SIGNS OR FIXTURES RELATING TO THE ESTABLISHMENT OR THE OPERATION OF THE BUSINESS OPPORTUNITY THAT THE SELLER DIRECTLY OR INDIRECTLY REQUIRES THE CONSUMER TO PURCHASE, LEASE OR RENT. IF THE PURCHASE, LEASE OR RENTAL IS MADE FROM SPECIFIC PERSONS INCLUDING THE SELLER, A LIST OF THE NAMES AND ADDRESSES OF EACH PERSON SHALL APPEAR ON THE DISCLOSURE DOCUMENT OR IN A SEPARATE DOCUMENT THAT IS DELIVERED TO THE CONSUMER WITH THE DISCLOSURE DOCUMENT IF THE EXISTENCE OF THE SEPARATE DOCUMENT IS DISCLOSED IN THE DISCLOSURE DOCUMENT.

8. A STATEMENT OF ALL MATERIAL TERMS AND CONDITIONS OF ANY FINANCING ARRANGEMENT THE SELLER OR ANY PERSON AFFILIATED WITH THE SELLER OFFERS, DIRECTLY OR INDIRECTLY, TO THE CONSUMER AND A DESCRIPTION OF THE TERMS OF PAYMENT TO THE SELLER FROM ANY PERSON OFFERING FINANCING TO A PROSPECTIVE CONSUMER AND FROM ANY PERSON ARRANGING FOR FINANCING FOR A PROSPECTIVE CONSUMER.

9. A STATEMENT THAT THE SELLER MUST PROVIDE A WRITTEN NOTICE OF CANCELLATION PURSUANT TO SECTION 44-1276.

44-1276.02. Business opportunity contracts in writing; required information

A. A BUSINESS OPPORTUNITY CONTRACT OR AGREEMENT SHALL BE IN WRITING AND SHALL BE GIVEN TO THE CONSUMER WITH THE DISCLOSURE DOCUMENT REQUIRED UNDER SECTION 44-1276.01.

B. A BUSINESS OPPORTUNITY CONTRACT OR AGREEMENT SHALL INCLUDE THE FOLLOWING:

1. THE TERMS AND CONDITIONS OF PAYMENT.

2. A FULL AND DETAILED DESCRIPTION OF THE ACTS OR SERVICES THAT THE SELLER UNDERTAKES TO PERFORM FOR THE CONSUMER.

3. THE SELLER'S PRINCIPAL BUSINESS ADDRESS AND THE NAME AND ADDRESS OF ITS AGENT IN THIS STATE THAT IS AUTHORIZED TO RECEIVE SERVICE OF PROCESS.

4. THE APPROXIMATE DELIVERY DATE OF ANY GOODS THAT THE SELLER IS TO DELIVER TO THE CONSUMER AND AN APPROXIMATE TIMETABLE FOR PERFORMANCE OF SERVICES NECESSARY TO BEGIN SUBSTANTIAL OPERATION OF THE BUSINESS.

44-1276.03. Business opportunity contract cancellation

A CONSUMER MAY CANCEL A BUSINESS OPPORTUNITY CONTRACT OR AGREEMENT WITH A SELLER FOR ANY REASON AT ANY TIME WITHIN TEN BUSINESS DAYS AFTER THE DATE THAT THE CONSUMER SIGNS THE CONTRACT OR AGREEMENT OR THE DATE THAT THE SELLER NOTIFIES THE CONSUMER IN WRITING THAT THE CONTRACT OR AGREEMENT IS ACCEPTED BY THE SELLER, WHICHEVER IS LATER.

Sec. 6. Section 44-1279, Arizona Revised Statutes, is amended to read:

44-1279. Civil remedies

A consumer may rescind a sale by an unregistered seller at any time. The consumer may recover any PURCHASE MONIES PAID TO THE UNREGISTERED SELLER, financial damages caused by the unregistered seller and reasonable attorney fees and costs.

Sec. 7. Section 44-1281, Arizona Revised Statutes, is amended to read:

44-1281. Duties of secretary of state

The secretary of state shall:

1. Prescribe and publish the forms and adopt the rules necessary to carry out this article.
2. Refer to the attorney general or county attorney for investigation any matter ~~which~~ THAT the secretary of state has reason to believe constitutes a violation of this article.
3. Preserve for five years from the date of filing all information required to be filed pursuant to this article, after which the information shall be destroyed. This information is public information and is open to public inspection.
4. WITH REFERRAL, PROVIDE THE ATTORNEY GENERAL WITH A COMPLETE COPY OF ALL REGISTRATION STATEMENTS AND ATTACHMENTS, INCLUDING RENEWALS AND SUPPLEMENTAL STATEMENTS, THAT ARE FILED PURSUANT TO SECTION 44-1272 BY A SELLER OF BUSINESS OPPORTUNITIES OR MERCHANDISE RELATED TO BUSINESS OPPORTUNITIES.

APPROVED BY THE GOVERNOR APRIL 4, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2012.