

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 721
95TH GENERAL ASSEMBLY

Reported from the Committee on Small Business, Insurance and Industry, March 4, 2010, with recommendation that the Senate Committee Substitute do pass.

3192S.03C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 407.1243, RSMo, and to enact in lieu thereof one new section relating to travel club assets, with an emergency clause.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 407.1243, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 407.1243, to read as follows:

407.1243. 1. No travel club may offer vacation benefits for sale unless the
2 travel club maintains an effective registration statement with the Missouri
3 attorney general that discloses the following information:

4 (1) The name of the travel club, including the name under which the
5 travel club is doing or intends to do business, if it is different from the name of
6 the travel club;

7 (2) The name of any parent or affiliated organization that will engage in
8 business transactions with the purchasers of travel benefits or accept
9 responsibility for statements made by, or acts of, the travel club that relate to
10 sales solicited by the travel club;

11 (3) The travel club's business type and place of organization;

12 (4) If the travel club is an entity, the travel club's formation and
13 governing documents, including articles of organization, bylaws, operating
14 agreements, and partnership agreements;

15 (5) If operating under a fictitious business name, the location where the
16 fictitious name has been registered and the same information for any parent or
17 affiliated organization disclosed under subdivision (2) of this subsection;

18 (6) The names and addresses of the principal owners, officers, and

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 directors of the travel club;

20 (7) The addresses where the travel club shall offer travel club
21 memberships for sale;

22 (8) The name and address of the registered agent in the state of Missouri
23 for service of process for the travel club;

24 (9) A brief description of the travel club memberships the travel club is
25 offering for sale; and

26 (10) The travel club has demonstrated that it possesses [liquid] assets of
27 at least [two hundred] fifty thousand dollars in the form of one or more
28 certificates of deposit or [a letter] **letters** of credit that [is] **are** issued by a
29 banking institution [with assets of at least seventy-five million dollars] **in good**
30 **standing with the division of finance in the department of insurance,**
31 **financial institutions and professional registration, or in the form of**
32 **surety bonds, except that any travel club that has been adjudged to**
33 **have failed to satisfy its legal obligations under sections 407.1240 to**
34 **407.1252 shall thereafter be required to demonstrate that it possesses**
35 **such assets of at least two hundred fifty thousand dollars. The**
36 **additional assets shall be demonstrated within thirty days of the**
37 **adjudication and failure to do so shall result in the registration**
38 **statement no longer being effective.** This provision shall also apply to
39 renewals under section 407.1246. These [liquid] assets shall be available to the
40 attorney general in the event that the travel club is adjudged to have failed to
41 satisfy legal obligations to its members. Interest on any instrument provided
42 shall accrue to the travel club. **Upon written notification of the dissolution**
43 **of a travel club, the attorney general shall release any such assets to**
44 **the travel club within thirty days if the travel club has satisfied its**
45 **legal obligations under sections 407.1240 and 407.1252 and there are no**
46 **alleged violations of such sections pending.**

47 2. The attorney general shall evidence his or her receipt, approval, or
48 disapproval, as the case may be, of a travel club's registration statement or
49 registration renewal statement within thirty days from and after the
50 submission. Upon compliance with the foregoing requirements, the attorney
51 general shall approve the registration statement. Should any registration fail to
52 address any of the registration conditions as set forth above, the attorney general
53 shall advise in writing the registration deficiencies and the manner in which said
54 deficiencies shall be cured. Such advice shall be provided by the attorney general

55 within fifteen working days from the initial filing of the documents.

56 3. Travel clubs that are operational prior to August 28, 2005, may
57 continue their business activities during the pendency of the attorney general's
58 processing of their registration statements; provided that such registration
59 statement is filed with the attorney general within ninety calendar days of
60 August 28, 2005. Registration of a travel club shall not be transferable.

61 4. The registration statement shall additionally have appended thereto:

62 (1) The form of contract under which the travel club proposes to sell travel
63 club memberships which contains the rescission statement;

64 (2) A check made to the order of the Missouri attorney general in the
65 amount of fifty dollars.

Section B. Because of the need to ensure that travel clubs have sufficient
2 assets to cover outstanding claims, section A of this act is deemed necessary for
3 the immediate preservation of the public health, welfare, peace and safety, and
4 is hereby declared to be an emergency act within the meaning of the constitution,
5 and section A of this act shall be in full force and effect upon its passage and
6 approval.

Bill ✓

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