



General Assembly

January Session, 2005

**Committee Bill No. 6072**

LCO No. 3943

\*03943HB06072GL\_\*

Referred to Committee on General Law

Introduced by:  
(GL)

**AN ACT PROTECTING THE COMMISSIONS OF SALES REPRESENTATIVES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) As used in sections 1 to 5,  
2 inclusive, of this act:

3 (1) "Commission" means compensation that accrues to a sales  
4 representative, for payment by a principal, at a rate expressed as a  
5 percentage of the dollar amount of sales, orders or profits or any other  
6 method of compensation agreed to between a sale representative and  
7 principal including, but not limited to, fee for services and retainers;

8 (2) "Person" means an individual, corporation, limited liability  
9 company, partnership, unincorporated association, estate trust or other  
10 similar entity;

11 (3) "Principal" means a person who: (A) Manufactures, produces,  
12 imports, sells or distributes a product or service, (B) establishes a  
13 business relationship with a sales representative to solicit orders for a  
14 product or service, and (C) compensates a sale representative, in

15 whole, or in part, by commission;

16 (4) "Sales representative" means a person who: (A) Establishes a  
17 business relationship with a principal to solicit orders for products or  
18 services, and (B) is compensated in whole, or in part, by commission.  
19 Sales representative does not mean an employee or a person who  
20 places orders or purchases on the person's own account or for resale or  
21 a seller, as defined in subsection (a) of section 42-134 of the general  
22 statutes;

23 (5) "Termination" means the end of the business relationship  
24 between a sales representative and a principal, whether by agreement,  
25 expiration of time or the exercise of a right of termination by either  
26 party.

27 Sec. 2. (NEW) (*Effective from passage*) Any business relationship  
28 between a sales representative and a principal shall be in writing and  
29 signed by both parties. Nothing in this section shall be construed to bar  
30 a cause of action or remedy available at law to a sales representative or  
31 principal.

32 Sec. 3. (NEW) (*Effective from passage*) (a) During the course of a  
33 business relationship, any principal shall pay a sales representative all  
34 commissions due while such business relationship is in effect. Not later  
35 than thirty days after the effective date of the termination of a business  
36 relationship between a sales representative and a principal, such  
37 principal shall pay to such sale representative any and all commissions  
38 due on the effective date of such termination and shall pay any  
39 commission that becomes due after the effective date of such  
40 termination not later than fourteen days after such commission  
41 becomes due.

42 (b) Any principal who wilfully, wantonly, recklessly or in bad faith  
43 fails to comply with the provisions of subsection (a) of this section  
44 shall be liable in a civil action brought by a sale representative for  
45 exemplary damages in an amount of not more than three times the

46 sum of the commission owed to such sales representative.

47 (c) The failure of a principal to respond to the written demand for  
48 commissions owed to a sale representative not later than twenty days  
49 after such principal receives such written demand shall create a  
50 presumption that such principal acted wilfully and in bad faith  
51 provided such written demand is sent to such principal by certified  
52 mail.

53 (d) The prevailing party in any action brought pursuant to  
54 subsection (b) of this section shall be entitled to reasonable attorney's  
55 fees and court costs.

56 (e) Any principal who establishes a business relationship with a  
57 sales representative to solicit orders for products or services in this  
58 state shall be deemed to be doing business in this state for purposes of  
59 establishing jurisdiction over such principal in an action brought  
60 pursuant to section (b) of this section.

61 Sec. 4. (NEW) (*Effective from passage*) (a) The acceptance by a sales  
62 representative of a commission payment from a principal shall not  
63 constitute a release by such sales representative of any other  
64 commissions which such sales representative claims are due except if  
65 such payment is made pursuant to a binding and final written  
66 settlement agreement and release. Any full release of all commissions  
67 claimed to be owed by a sales representative as a condition to a partial  
68 commission payment shall be null and void.

69 (b) In the event that a principal makes a revocable offer of a  
70 commission to a sales representative, whether written or verbal, such  
71 sales representative shall be entitled to such commission if: (1) The  
72 principal revokes the offer of commission and the sales representative  
73 establishes that such revocation was made for the purpose of avoiding  
74 payment of such commission; (2) such revocation occurs after the  
75 principal has obtained a written order for the principal's product or  
76 service through the efforts of the sales representative; and (3) the

77 principal's product or service that is the subject of the order is  
78 provided to and paid for by a customer.

79 Sec. 5. (NEW) (*Effective from passage*) (a) Any provision in a contract  
80 between a sales representative and a principal that provides for the  
81 waiver of any provision of sections 2 to 4, inclusive, of this act shall be  
82 void.

83 (b) Nothing in sections 2 to 4, inclusive, of this act shall be construed  
84 to invalidate or restrict any right or remedy available to a sales  
85 representative or preclude a sales representative from seeking to  
86 recover in one action all claims against such principal.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section

**Statement of Purpose:**

To assure that Connecticut sales representatives are able to recover the commissions due to them by out-of-state and in-state principals.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. STONE, 9th Dist.; REP. HETHERINGTON, 125th Dist.

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