



State of Connecticut

HOUSE OF REPRESENTATIVES

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TESTIMONY IN SUPPORT OF HB 5407

AA PROHIBITING THE USE OF CHECKS TO CREATE BINDING CONSUMER AGREEMENTS

Representative Shapiro, Senator Colapietro and Members of the General Law Committee:

Thank you for the opportunity to appear before you today in support of HB 5407, An Act Prohibiting The Use Of Checks To Create Binding Consumer Agreements.

You may be familiar with a marketing scheme that entices our constituents to encumber a credit card or bank account with monthly payments by offering them a "free" check. In small print or in an obscure section of the offer will be explained that when one cashes the check they enter into a binding agreement that charges them monthly installments on their account. This is particularly appealing to senior citizens who live on fixed incomes and may not be aware that this "free" money will result in future charges to their account. Once the check has been cashed and the monthly charges begin one must go through the process of contacting the vendor to cancel the contract and possibly deal with finance charges. This can be a confusing process, especially if one does not realize that they have entered into a financial contract.

I first became familiar with this scheme while assisting my elderly mother with her finances. She would leave the "free" checks for me to deposit for her without realizing that she would receive a bill every month for a service that she did not want or need. When I explained the consequences to her and pointed out the fine print she was upset that she could have been taken advantage of in this way. If her mail had mistakenly been delivered elsewhere or had been illegally taken from her mail box, someone else could have cashed the check and encumbered her account!

This bill has received the support of Attorney General Blumenthal for the past two legislative sessions and was passed in the House only to remain on the Senate calendar. Hopefully, this year we will take this important step to protect our constituents from this deceptive practice.

Thank you for your attention to this issue.