

**325G.505 MEMBERSHIP TRAVEL CONTRACTS IN EXCESS OF \$500.**

Subdivision 1. **Scope.** This section applies to a membership travel operator who offers or sells membership travel contracts when the cost of the membership travel contract to the consumer is \$500 or more. This section does not apply to a membership travel club that offers travel benefits solely for motor vehicle use.

Subd. 2. **Public offering statement.** A membership travel operator shall prepare and distribute to any prospective purchaser, before a membership travel contract is executed by the prospective purchaser, a public offering statement that clearly and prominently discloses the following:

- (1) the name and principal address of the membership travel operator;
- (2) the length of time that the membership travel operator has been in business and the length of time that the membership travel operator has been selling in Minnesota and the length of time that the membership travel operator has been selling in states other than Minnesota, membership travel contracts substantially similar to the membership travel contracts offered to the prospective purchaser;
- (3) the percentage of Minnesota purchasers of membership travel contracts during the previous two years who exercised their right to cancel, requested a refund, or made a complaint, based on the information kept pursuant to subdivision 4, or if the travel club has been operating in Minnesota for less than two years, the number of membership travel contracts that have been sold in Minnesota and the number of these customers who have exercised their right to cancel, requested a refund, or made a complaint as required to be recorded in subdivision 4;
- (4) to the extent applicable to either the membership travel operator, or any parent or controlling entity of the membership travel operator, or any executive, partner, director, or owner of a 20 percent or more interest in the membership travel operator or in any parent or controlling entity of the membership travel operator, or any other membership travel operator in this or any other state which has an executive, partner, director, or owner of a 20 percent or more interest in common with the membership travel operator or in any parent or controlling entity of the membership travel operator, the existence and nature of the following types of legal actions:
  - (i) any indictment, conviction, judgment, decree, assurance of discontinuance or similar settlement document, or order of any court or administrative agency for, or pending lawsuit alleging, violation of a federal or state law or regulation in connection with activities relating to the rendition of travel services or involving any criminal law or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law; or
  - (ii) any unsatisfied judgments or bankruptcy filing; and
- (5) if the membership travel operator uses a third-party travel agent or membership travel operator to make travel arrangements provided for in the contract, the name, physical and Internet address, and telephone number of the third party or parties, and a statement of the services provided by the third party or parties that can be purchased directly from the third party or parties.

Subd. 3. **Oral disclosures.** A membership travel operator shall orally disclose to any prospective purchaser, before a membership travel contract is executed by the prospective purchaser, the information in the public offering statement as required in subdivision 2, and whether the membership travel operator uses a third-party travel agent or membership travel operator to make travel arrangements provided for in the contract.

Subd. 4. **Complaint record keeping.** A membership travel operator shall keep written records of all buyers of a membership travel contract who either exercised their right to cancel, requested, in writing or orally, a partial or full refund of the price paid for the contract, or made a written or oral complaint about their purchase of the contract, the solicitation for the contract, or any aspect of the membership travel contract sale or service.

Subd. 5. **Failure to provide disclosures.** The right to cancel provided under section 325G.50 shall continue until ten business days after the disclosures required under this section are fully provided to the purchaser.

**History:** 2003 c 125 s 2; 2005 c 70 s 3