

Memorandum in Support

BLS #1

April 28, 2025

A. 377

Sponsor: M. of A. Vanel

Assembly Committee: Consumer Affairs and Protection

Effective Date: 365 days after enactment

AN ACT to amend the general business law, in relation to requirements for unsolicited private government-related registration service communications.

LAWS & SECTIONS REFERRED TO Section 350-f-2 (new) to the general business law.

THE BUSINESS LAW SECTION SUPPORTS THIS LEGISLATION

Summary of legislation.

The new law would require any person or entity, whether located within the state or sending physical or electronic mail to a person within the state, sending an unsolicited private government-related registration service communication that mentions any fees, renewal charges, requests for payment, or requests to enter into a contract, to include within the communication a notice that is reasonably calculated to apprise the recipient that they are not a government entity or affiliated with one and the recipient is not required to pay or enter into any agreement with them.

Justification.

Any person who has registered a trademark or a legal entity like an LLC has likely received letters in the mail immediately following their registration purporting to be from a company which offers services related to their trademark or legal entity, such as trademark renewal services or private database registration, for a fee. For a person who is unfamiliar with the statutorily authorized processes for their government registrations, or who is anxious to follow the rules as they embark on their long entrepreneurial journey, these letters might seem like another legally mandated step in the process, and another recurring or one-time fee that a person has to pay to comply with the law.

However, the reality is that these letters are from private companies that purposely take on names which sound like government entities as part of their calculated scheme to get as many vulnerable entrepreneurs as possible into paying for their services.

This bill will simply require that these companies that use deceptive marketing to get entrepreneurs to waste or spend their money on services that they would have

otherwise not used be required to make it clear that they are unaffiliated with the government and that paying them, or entering into a contract with them, is optional.

Basis for Support.

Our members report many instances of business clients receiving such solicitations and either paying amounts far in excess of the cost of the relevant filings or, if they are alert enough, calling counsel to inquire about the filing, only to find out the filings are either without cost or already part of the routine processes of the client or the client's counsel and accountants. Either way, it takes time and effort that should not have to be spent to deal with such solicitations and causes needless anxiety to the businesses. Legitimate filing services that assist in the formation of business entities generally provide helpful notices and updates from time to time anyway, in addition to the regular advice that counsel provides in the formation process. The unsolicited mailings from less scrupulous companies only serve to confuse businesses.

For the foregoing reasons, the New York State Bar Association's Business Law Section **SUPPORTS** this legislation.