

R.S. 45:23-1 et seq.

December 3, 1965

LEGISLATIVE HISTORY OF R.S. 45:23-1 et seq
(Trading Stamps)

- L. 1964, Chapter 274 - R623
Introduced March 23 by Mr. Moraites.
Amended during passage (copies of original bill
and amendments enclosed).
No statement on bill.

COPY NO. 2

We are enclosing copies of:

974.90 N.J. Legislature. Assembly. Committee to
A244 Study Trading Stamps and Similar Merchandising
1963 Devices.
Public hearings. Held February 15 and
April 5, 1963.

974.905 Fox, Harold W.
B77 Trading stamps in Lumbard.
12 N.J. Business 20, November 1965.

Vredenburg, Harvey L.
Trading stamps. 1962. pp. 33 ff.

CK/PC

COPY

PROPERTY OF
NEW JERSEY STATE LIBRARY

DEPOSITORY COPY
Do Not Remove From Library

185 W. State Street
Trenton, N. J.

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 623

STATE OF NEW JERSEY

INTRODUCED MARCH 23, 1964

By Assemblyman MORAITES

Referred to Committee on Business Affairs

AN ACT relating to the regulation of trading stamps and to the registration and bonding of trading stamp companies, and amending sections 45:23-1, 45:23-2, 45:23-3, 45:23-4 of the Revised Statutes, and supplementing chapter 23 of Title 45 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section 45:23-1 of the Revised Statutes is amended to read as follows:
2 45:23-1. The words "trading stamp" as used in this chapter mean any
3 stamp, cash discount stamp, check, ticket, coupon or similar device *issued
3A *in connection with the retail sale of merchandise** which will entitle
4 the holder thereof, on presentation thereof, either singly or in definite
5 number, to receive, either directly from the person selling or issuing the same
6 or indirectly through any other person, money, goods, wares, *services* or
7 merchandise. *The words "trading stamp" as used in this chapter shall not*
8 *mean * [tickets, coupons or other vouchers placed by a manufacturer in or*
9 *upon packages or goods manufactured by him, nor to those so placed by a*
10 *merchant, if such tickets, coupons or other vouchers are to be redeemed by*
11 *such merchant, nor to any redeemable device issued and redeemed by a non-*
12 *profit corporation for the benefit of its members only, nor to] * any redeemable*
13 *device *used by the manufacturer or packer of an article in advertising or*

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

14 *selling it, or* issued and redeemed by a newspaper, magazine or other pub-*
 15 *lication.*

1 2. Section 45:23-2 of the Revised Statutes is amended to read as follows:

2 45:23-2. No **[person]** *trading stamp company* shall *advertise the issu-*
 3 *ance of or sell or issue any trading stamp unless [it] such stamp* has legibly
 4 printed or written upon its face the **[redeemable]** *cash value thereof in*
 5 *cents or any fraction thereof as determined by the trading stamp company.*
 6 **[lawful money of the United States. Whoever violates this section shall**
 7 **be deemed guilty of a misdemeanor.]**

1 3. Section 45:23-3 of the Revised Statutes is amended to read as follows:

2 45:23-3. A **[person who sells or issues to any person engaged in any**
 3 **trade, business or profession any trading stamp]** *trading stamp company*
 4 shall, **[upon presentation]** *at the option of a rightful holder of its stamps,*
 5 *redeem the same in cash at the value printed on the face thereof, when duly pre-*
 6 *sent* **[thereof for redemption in number or quantity aggregating in money**
 7 **value not less than 5 cents in each lot,]** *to the company for redemption in a*
 8 *number having an aggregate cash value of not less than \$1.00 [redeem the*
 9 *same, either in goods, wares or merchandise or in lawful money of the United*
 10 *States at the option of the holder thereof, at the value in lawful money*
 11 *printed on the face thereof, and, upon the refusal or failure of said person*
 12 *to so redeem the same, any person engaged in any trade, business or pro-*
 13 *fession, who distributes, delivers or presents any trading stamp to any per-*
 14 *son dealing with him in consideration of any article or thing purchased, shall*
 15 *be liable to the holder thereof for the face value thereof and shall redeem*
 16 *the same as herein above set forth].*

1 4. Section 45:23-4 of the Revised Statutes is amended to read as follows:

2 45:23-4. This chapter shall not apply to tickets, coupons or other vouch-
 3 ers placed by a manufacturer in or upon packages or goods manufactured by
 4 him, nor to those so placed by a merchant, if such tickets, coupons or other
 5 vouchers are to be redeemed by such merchant, *nor to any redeemable de-*
 6 *vice issued and redeemed by a nonprofit corporation for the benefit of its*

7 *members only, nor to any redeemable device issued and redeemed by a news-*
8 *paper, magazine or other publication.*

1 5. For the purposes of this chapter "trading stamp company" shall
2 mean any person engaged in distributing trading stamps for retail issuance
3 by others, or in redeeming trading stamps for retailers, in any manner.

1 6. No trading stamp company shall distribute trading stamps in this
2 State or shall redeem trading stamps hereafter issued therein until it has
3 on or before January 1, * [1965] * *1966*, and annually thereafter on or before
4 January 1 of each year filed with the Secretary of State a statement of regis-
5 tration accompanied by representative samples of its stamps, stamp collection
6 books, stamp redemption catalogues and stamp distribution and redemption
7 agreement forms, currently used in this State. No person shall act as agent or
8 representative in this State of a trading stamp company which has not com-
9 plied with the requirements of this chapter.

1 7. Each statement of registration hereinbefore required shall contain
2 the following information:

3 a. The name and principal address of the company;

4 b. The State of its incorporation or origin;

5 c. The names and addresses of its principal officers, partners or
6 proprietors;

7 d. The address of its principal office in this State;

8 e. The name and address of its principal officer, employee or agent therein;

9 f. The addresses of the places where its stamps are redeemable therein;

10 g. A short form of its balance sheet as of the end of its last fiscal year
11 prior to such filing, certified by an independent public accountant; and

12 h. A statement of its gross income from its business in this State as a
13 trading stamp company during such last fiscal year, certified by an independ-
14 ent public accountant, unless the principal sum of the bond hereinafter re-
15 quired is the maximum amount required under this chapter.

1 8. The trading stamp company shall pay an annual registration fee of
2 \$100.00 to the Secretary of State at the time of filing each registration state-
3 ment.

1 9. At the time of filing each registration statement, the trading stamp
2 company shall also file with the Secretary of State a bond payable to the
3 people of the State of New Jersey and duly executed by the company and
4 a corporate surety qualified to do business in this State. Such bond shall be
5 conditioned upon the performance by the trading stamp company of its ob-
6 ligation to redeem trading stamps issued by retailers in this State when
7 they are duly presented for redemption by the rightful holders.

8 The principal sum of the bond required by this chapter shall be as fol-
9 lows: if the company has not previously done business as a trading stamp
10 company in this State, or if the company's gross income from such business
11 during its last fiscal year was not in excess of \$100,000.00 the principal sum
12 shall be \$10,000.00; for each additional \$100,000.00, or fraction thereof, of
13 gross income from such business in this State during its last fiscal year,
14 an additional \$10,000.00; but such bond shall not exceed \$150,000.00.

15 On the effective date of each new bond, any and all liability on all bonds
16 previously filed under this chapter shall terminate, and all rightful holders
17 of trading stamps who prosecute their claims under said section shall prose-
18 cute such claims solely against the new bond and only by filing proofs of
19 claim with the Secretary of State in the manner provided in this chapter.

1 10. If the trading stamp company defaults in the redemption of its
2 stamps issued by retailers in this State when they are duly presented for
3 redemption by the rightful holders, all rightful holders of trading stamps
4 of such company, including retailers in possession of such stamps for issu-
5 ance to customers, shall be entitled to make claim against such bond. Any
6 such holder may, within 3 months after such default, file a complaint with
7 the Secretary of State, who shall forthwith make an administrative deter-
8 mination whether there has been a default. If said secretary determines
9 that there has been a default, he shall give notice of such determination to
10 the company and, if such default is not corrected within 10 days, he shall
11 publish notice of such default in 3 consecutive publications of one or more
12 newspapers having general circulation throughout this State and therein re-

13 quire that proof of all claims for redemption of the trading stamps of such
14 company be filed with him, together with the trading stamps upon which
15 the claim is based, within 3 months after the date of the first such publica-
16 tion. The Secretary of State shall determine the validity of all claims so
17 filed promptly after the expiration of such period. Thereupon the secretary
18 shall be paid by the surety such amount, not exceeding the principal sum of
19 the bond, as shall be necessary to satisfy all valid claims so filed. The sec-
20 retary shall promptly thereafter make an equitable distribution of the pro-
21 ceeds of the bond to such claimants and shall destroy the trading stamps
22 so surrendered.

23 The costs and other charges incurred by the Secretary of State in per-
24 forming the duties set forth in this section shall constitute a proper charge
25 against the trading stamp company which has defaulted, or, in the event of
26 the trading stamp company's failure to pay, against the bond filed by that
27 company, and shall constitute a prior claim against such company or such
28 bond, except that in no event shall the surety be liable for such charge and
29 all other valid claims as an aggregate in excess of the principal sum of the
30 bond.

1 11. No trading stamp company shall cease or suspend the redemption
2 of trading stamps in this State without filing with the Secretary of State at
3 least 90 days' prior written notice of its intention to do so and concurrently
4 mailing a copy of such notice to each retailer within this State which has at
5 any time theretofore within 1 year issued trading stamps which the trading
6 stamp company is obligated to redeem.

1 12. No person shall wilfully issue or redeem or exchange for commer-
2 cial purposes any trading stamp without the consent of the trading stamp
3 company which issued such stamps.

1 13. Any person or trading stamp company violating any provision of
2 this chapter shall be guilty of a misdemeanor.

3 The Superior Court shall have jurisdiction on the complaint of any in-
4 terested person to restrain and enjoin the violation of any of said provisions.

5 Administrative determinations of the Secretary of State shall be subject to
6 review by appeal to the Appellate Division of the Superior Court.

1 14. On and after the effective date of this act no ordinance shall be
2 adopted or amended by any municipality, in respect to the regulation of
3 trading stamp companies and the advertising, distribution and redemption
4 of trading stamps, and all such ordinances and rules, regulations and orders
5 issued pursuant to any such ordinance existing on such date shall be super-
6 seded and of no further force and effect.

1 15. This act shall take effect July 1, 1965.

ASSEMBLY, No. 623

STATE OF NEW JERSEY

INTRODUCED MARCH 23, 1964

By Assemblyman MORAITES

Referred to Committee on Business Affairs

AN ACT relating to the regulation of trading stamps and to the registration and bonding of trading stamp companies, and amending sections 45:23-1, 45:23-2, 45:23-3, 45:23-4 of the Revised Statutes, and supplementing chapter 23 of Title 45 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section 45:23-1 of the Revised Statutes is amended to read as follows:

2 45:23-1. The words "trading stamp" as used in this chapter mean any
3 stamp, cash discount stamp, check, ticket, coupon or similar device which will
4 entitle the holder thereof, on presentation thereof, either singly or in definite
5 number, to receive, either directly from the person selling or issuing the same
6 or indirectly through any other person, money, goods, wares, *services* or
7 merchandise. *The words "trading stamp" as used in this chapter shall not*
8 *mean tickets, coupons or other vouchers placed by a manufacturer in or*
9 *upon packages or goods manufactured by him, nor to those so placed by a*
10 *merchant, if such tickets, coupons or other vouchers are to be redeemed by*
11 *such merchant, nor to any redeemable device issued and redeemed by a non-*
12 *profit corporation for the benefit of its members only, nor to any redeemable*
13 *device issued and redeemed by a newspaper, magazine or other publication.*

1 2. Section 45:23-2 of the Revised Statutes is amended to read as follows:

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

2 45:23-2. No **person** *trading stamp company* shall *advertise the issue*
3 *ance of or sell or issue any trading stamp unless* **it** *such stamp* has legibly
4 printed or written upon its face the **redeemable** *cash* value thereof in
5 *cents or any fraction thereof as determined by the trading stamp company.*
6 **lawful money of the United States. Whoever violates this section shall**
7 **be deemed guilty of a misdemeanor.**

1 3. Section 45:23-3 of the Revised Statutes is amended to read as follows:

2 45:23-3. A **person who sells or issues to any person engaged in any**
3 **trade, business or profession any trading stamp** *trading stamp company*
4 shall, **upon presentation** *at the option of a rightful holder of its stamps,*
5 *redeem the same in cash at the value printed on the face thereof, when duly pre-*
6 *sented* **thereof for redemption in number or quantity aggregating in money**
7 **value not less than 5 cents in each lot,** *to the company for redemption in a*
8 *number having an aggregate cash value of not less than \$1.00* **redeem the**
9 **same, either in goods, wares or merchandise or in lawful money of the United**
10 **States at the option of the holder thereof, at the value in lawful money**
11 **printed on the face thereof, and, upon the refusal or failure of said person**
12 **to so redeem the same, any person engaged in any trade, business or pro-**
13 **fession, who distributes, delivers or presents any trading stamp to any per-**
14 **son dealing with him in consideration of any article or thing purchased, shall**
15 **be liable to the holder thereof for the face value thereof and shall redeem**
16 **the same as herein above set forth.**

1 4. Section 45:23-4 of the Revised Statutes is amended to read as follows:

2 45:23-4. This chapter shall not apply to tickets, coupons or other vouch-
3 ers placed by a manufacturer in or upon packages or goods manufactured by
4 him, nor to those so placed by a merchant, if such tickets, coupons or other
5 vouchers are to be redeemed by such merchant, *nor to any redeemable de-*
6 *vice issued and redeemed by a nonprofit corporation for the benefit of its*
7 *members only, nor to any redeemable device issued and redeemed by a news-*
8 *paper, magazine or other publication.*

1 5. For the purposes of this chapter "trading stamp company" shall
2 mean any person engaged in distributing trading stamps for retail issuance
3 by others, or in redeeming trading stamps for retailers, in any manner.

1 6. No trading stamp company shall distribute trading stamps in this
2 State or shall redeem trading stamps hereafter issued therein until it has
3 on or before January 1, 1965, and annually thereafter on or before January
4 1 of each year filed with the Secretary of State a statement of registration
5 accompanied by representative samples of its stamps, stamp collection books,
6 stamp redemption catalogues and stamp distribution and redemption agree-
7 ment forms, currently used in this State. No person shall act as agent or
8 representative in this State of a trading stamp company which has not com-
9 plied with the requirements of this chapter.

1 7. Each statement of registration hereinbefore required shall contain
2 the following information:

3 a. The name and principal address of the company;

4 b. The State of its incorporation or origin;

5 c. The names and addresses of its principal officers, partners or
6 proprietors;

7 d. The address of its principal office in this State;

8 e. The name and address of its principal officer, employee or agent therein;

9 f. The addresses of the places where its stamps are redeemable therein;

10 g. A short form of its balance sheet as of the end of its last fiscal year
11 prior to such filing, certified by an independent public accountant; and

12 h. A statement of its gross income from its business in this State as a
13 trading stamp company during such last fiscal year, certified by an independ-
14 ent public accountant, unless the principal sum of the bond hereinafter re-
15 quired is the maximum amount required under this chapter.

1 8. The trading stamp company shall pay an annual registration fee of
2 \$100.00 to the Secretary of State at the time of filing each registration state-
3 ment.

1 9. At the time of filing each registration statement, the trading stamp
2 company shall also file with the Secretary of State a bond payable to the

3 people of the State of New Jersey and duly executed by the company and
4 a corporate surety qualified to do business in this State. Such bond shall be
5 conditioned upon the performance by the trading stamp company of its ob-
6 ligation to redeem trading stamps issued by retailers in this State when
7 they are duly presented for redemption by the rightful holders.

8 The principal sum of the bond required by this chapter shall be as fol-
9 lows: if the company has not previously done business as a trading stamp
10 company in this State, or if the company's gross income from such business
11 during its last fiscal year was not in excess of \$100,000.00 the principal sum
12 shall be \$10,000.00; for each additional \$100,000.00, or fraction thereof, of
13 gross income from such business in this State during its last fiscal year,
14 an additional \$10,000.00; but such bond shall not exceed \$150,000.00.

15 On the effective date of each new bond, any and all liability on all bonds
16 previously filed under this chapter shall terminate, and all rightful holders
17 of trading stamps who prosecute their claims under said section shall prose-
18 cute such claims solely against the new bond and only by filing proofs of
19 claim with the Secretary of State in the manner provided in this chapter.

1 10. If the trading stamp company defaults in the redemption of its
2 stamps issued by retailers in this State when they are duly presented for
3 redemption by the rightful holders, all rightful holders of trading stamps
4 of such company, including retailers in possession of such stamps for issu-
5 ance to customers, shall be entitled to make claim against such bond. Any
6 such holder may, within 3 months after such default, file a complaint with
7 the Secretary of State, who shall forthwith make an administrative deter-
8 mination whether there has been a default. If said secretary determines
9 that there has been a default, he shall give notice of such determination to
10 the company and, if such default is not corrected within 10 days, he shall
11 publish notice of such default in 3 consecutive publications of one or more
12 newspapers having general circulation throughout this State and therein re-
13 quire that proof of all claims for redemption of the trading stamps of such
14 company be filed with him, together with the trading stamps upon which

15 the claim is based, within 3 months after the date of the first such publica-
16 tion. The Secretary of State shall determine the validity of all claims so
17 filed promptly after the expiration of such period. Thereupon the secretary
18 shall be paid by the surety such amount, not exceeding the principal sum of
19 the bond, as shall be necessary to satisfy all valid claims so filed. The sec-
20 retary shall promptly thereafter make an equitable distribution of the pro-
21 ceeds of the bond to such claimants and shall destroy the trading stamps
22 so surrendered.

23 The costs and other charges incurred by the Secretary of State in per-
24 forming the duties set forth in this section shall constitute a proper charge
25 against the trading stamp company which has defaulted, or, in the event of
26 the trading stamp company's failure to pay, against the bond filed by that
27 company, and shall constitute a prior claim against such company or such
28 bond, except that in no event shall the surety be liable for such charge and
29 all other valid claims as an aggregate in excess of the principal sum of the
30 bond.

1 11. No trading stamp company shall cease or suspend the redemption
2 of trading stamps in this State without filing with the Secretary of State at
3 least 90 days' prior written notice of its intention to do so and concurrently
4 mailing a copy of such notice to each retailer within this State which has at
5 any time theretofore within 1 year issued trading stamps which the trading
6 stamp company is obligated to redeem.

1 12. No person shall wilfully issue or redeem or exchange for commer-
2 cial purposes any trading stamp without the consent of the trading stamp
3 company which issued such stamps.

1 13. Any person or trading stamp company violating any provision of
2 this chapter shall be guilty of a misdemeanor.

3 The Superior Court shall have jurisdiction on the complaint of any in-
4 terested person to restrain and enjoin the violation of any of said provisions.
5 Administrative determinations of the Secretary of State shall be subject to
6 review by appeal to the Appellate Division of the Superior Court.

1 14. On and after the effective date of this act no ordinance shall be
2 adopted or amended by any municipality, in respect to the regulation of
3 trading stamp companies and the advertising, distribution and redemption
4 of trading stamps, and all such ordinances and rules, regulations and orders
5 issued pursuant to any such ordinance existing on such date shall be super-
6 seded and of no further force and effect.

1 15. This act shall take effect July 1, 1965.

ASSEMBLY COMMITTEE AMENDMENTS TO

ASSEMBLY, No. 623

STATE OF NEW JERSEY

ADOPTED APRIL 27, 1964

Amend page 1, section 1, line 3, after "similar device", insert "issued in connection with the retail sale of merchandise".

Amend page 1, section 1, line 8, after "mean" omit remainder of line.

Amend page 1, section 1, lines 9-11, omit.

Amend page 1, section 1, line 12, omit "profit corporation for the benefit of its members only, nor to".

Amend page 1, section 1, line 13, after "device", insert "used by the manufacturer or packer of an article in advertising or selling it, or".

Amend page 3, section 6, line 3, omit "1965", insert "1966".

FISCAL NOTE TO
ASSEMBLY, No. 623

STATE OF NEW JERSEY

DATED: APRIL 20, 1964

This Bill amends the trading stamp act, redefines the term "trading stamp," regulates the use of trading stamps and provides for the regulation and bonding of trading stamp companies.

There are fifteen trading stamp companies operating in New Jersey. The annual revenue received from the registration of these companies is \$1,500.00. The administrative cost is the pro-rated time of the salary of one employee. There is a slight surplus revenue resulting.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above Bill, pursuant to P. L. 1962, c. 27.