

By Mr. Aguiar of Swansea, petition of Paul Guzzi (Secretary of the Commonwealth), Antone S. Aguiar, Jr., and Arthur Joseph Lewis, Jr., relative to prohibiting the mass marketing of investments. Commerce and Labor.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Eight.

AN ACT TO PROHIBIT THE MASS MARKETING OF INVESTMENTS.

1 *Whereas*, The deferred operation of this act would tend to defeat
2 its purpose which is in part to protect citizens of the com-
3 monwealth against hazards inherent in the mass marketing of
4 investments this act is declared to be an emergency law necessary
5 for the immediate preservation of the public safety and con-
6 venience.

*Be it enacted by the Senate and House of Representatives in
General Court assembled, and by the authority of the same, as
follows:*

1 SECTION 1. The general court finds and declares that the
2 continuing state of inflation has eroded public confidence in
3 traditional forms of investment and that a serious public
4 emergency exists with respect to the protection of citizens of the
5 commonwealth investing in new forms of investment that are little
6 known or understood by the public; that this emergency is created
7 by the mass marketing of such investments by telephone, by direct
8 mail and by other modern mass marketing techniques to persons
9 who are not familiar with such investments, not aware of the risks,
10 and not able, financially, to bear the potential losses involved but
11 who are nevertheless unable to resist the persuasive pressures of the
12 marketing techniques employed; that the mass marketing of such
13 investments is not presently subject to effective control or
14 regulation at the state or federal level; and that unless the mass

15 marketing of such investments is regulated and controlled
16 forthwith at the state level the presently existing emergency will
17 result in a serious threat to the public health, safety and general
18 welfare of the citizens of the commonwealth.

1 SECTION 2. Chapter 110A of the General Laws, as inserted by
2 Chapter 694 of the acts of 1972, is hereby amended by inserting
3 after Section 102 thereof the following new section: —

4 *Section 103.* It shall be unlawful for any person in connection
5 with any investment transaction to contact any prospective
6 customers in person or by telephone, or to distribute to any
7 prospective customers any written promotional material con-
8 taining information other than the name, address and telephone
9 number of the distributor, who to contact for further infor-
10 mation, and the fact that certain types of investments may be
11 purchased or sold through the person named, unless prior to such
12 contact or distribution the prospective customer has contacted
13 such person and has indicated an interest in purchasing or selling
14 an investment or in investments in general. Any person making a
15 contact or distribution in violation of this section, and every
16 person who directly or indirectly controls that person, is liable to
17 the extent provided with respect to securities in section 410 to any
18 person contacted or receiving the distribution who purchases an
19 investment within thirty days of such contact or investment.