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Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS**

**2009-10**

(session year)

**Senate**

(Assembly, Senate or Joint)

**Committee on ... Children & Families & Workforce  
Development (SC-CFWD)**

**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

From Folio

Senate

Record of Committee Proceedings

**Committee on Children and Families and Workforce Development**

**Senate Bill 4**

Relating to: the regulation of traveling sales crews, requiring the exercise of rule-making authority, and providing penalties.

By Senators Erpenbach, Robson, Hansen, Kanavas, Lassa, Risser, Coggs, Lehman and Taylor; cosponsored by Representatives Pope-Roberts, Sheridan, Berceau, Sinicki, Van Akkeren, Pocan, Vruwink, Pasch, Richards, A. Ott, A. Williams and Dexter.

January 15, 2009      Referred to Committee on Children and Families and Workforce Development.

February 19, 2009      **PUBLIC HEARING HELD**

Present:    (5)    Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.

Absent:    (0)    None.

Appearances For

- Jon Erpenbach — Senator, 27th Senate District
- Sondy Pope-Roberts — Representative, 79th Assembly District
- Phil Ellenbecker, Verona — Dedicated Memorial Parents Group
- Jennifer Ortiz, Madison — Department of Workforce Development
- JoAnna Richard, Madison — Deputy Secretary, Department of Workforce Development
- Jim Rabbitt, Madison — DATCP

Appearances Against

- Dan Moore, Brentwood — President, Southwestern Co.
- Pete Christianson, Madison — Southwestern Co.
- John Webb, Washington — Direct Selling Association
- Heather Schneider, Milwaukee — representing herself
- Chris Fugman, Milwaukee — representing himself
- Jesse Wien, Madison — representing himself
- Justin Mangan, Oshkosh — representing himself
- Todd Porter, Lodi — representing himself
- Hayli Dennis, Madison — Southwestern
- Adam Vandenplas, Madison — representing himself
- Grant Greder, Nashville — Southwestern

Appearances for Information Only

- Tim Vowell, Madison — Charter Communications

- Roger Seip, Madison — Freedom Personal Development

Registrations For

- Judy Robson — Senator
- John Conger, Milton
- Joanne Ricca, Milwaukee — WI State AFL-CIO

Registrations Against

- None.

Registrations for Information Only

- None.

March 17, 2009

**EXECUTIVE SESSION HELD**

Present: (5) Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.  
Absent: (0) None.

Moved by Senator Vinehout, seconded by Senator Lassa that **Senate Amendment 2** be recommended for introduction and adoption.

Ayes: (5) Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.  
Noes: (0) None.

INTRODUCTION AND ADOPTION OF SENATE AMENDMENT 2  
RECOMMENDED, Ayes 5, Noes 0

Moved by Senator Hopper, seconded by Senator Kedzie that **Senate Amendment 1** be recommended for adoption.

Ayes: (2) Senators Kedzie and Hopper.  
Noes: (3) Senators Jauch, Lassa and Vinehout.

ADOPTION OF SENATE AMENDMENT 1 NOT RECOMMENDED, Ayes 2, Noes  
3

Carrie Kahn  
Committee Clerk

## Senate

### Record of Committee Proceedings

#### **Committee on Children and Families and Workforce Development**

##### **Senate Bill 4**

Relating to: the regulation of traveling sales crews, requiring the exercise of rule-making authority, and providing penalties.

By Senators Erpenbach, Robson, Hansen, Kanavas, Lassa, Risser, Coggs, Lehman and Taylor; cosponsored by Representatives Pope-Roberts, Sheridan, Berceau, Sinicki, Van Akkeren, Pocan, Vruwink, Pasch, Richards, A. Ott, A. Williams and Dexter.

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February 19, 2009      **PUBLIC HEARING HELD**

Present:    (5)      Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.  
Absent:    (0)      None.

##### Appearances For

- Jon Erpenbach — Senator, 27th Senate District
- Sody Pope-Roberts — Representative, 79th Assembly District
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Registrations For

- Judy Robson — Senator
- John Conger, Milton
- Joanne Ricca, Milwaukee — WI State AFL-CIO

Registrations Against

- None.

Registrations for Information Only

- None.

March 17, 2009

**EXECUTIVE SESSION HELD**

Present: (5) Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.

Absent: (0) None.

Moved by Senator Vinehout, seconded by Senator Lassa that **Senate Amendment 2** be recommended for introduction and adoption.

Ayes: (5) Senators Jauch, Lassa, Vinehout, Kedzie and Hopper.

Noes: (0) None.

**INTRODUCTION AND ADOPTION OF SENATE AMENDMENT 2 RECOMMENDED, Ayes 5, Noes 0**

Moved by Senator Hopper, seconded by Senator Kedzie that **Senate Amendment 1** be recommended for adoption.

Ayes: (2) Senators Kedzie and Hopper.

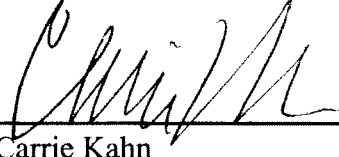
Noes: (3) Senators Jauch, Lassa and Vinehout.

**ADOPTION OF SENATE AMENDMENT 1 NOT RECOMMENDED, Ayes 2, Noes 3**

Moved by Senator Vinehout, seconded by Senator Lassa that **Senate Bill 4** be recommended for passage as amended.

Ayes: (3) Senators Jauch, Lassa and Vinehout.  
Noes: (2) Senators Kedzie and Hopper.

PASSAGE AS AMENDED RECOMMENDED, Ayes 3, Noes 2



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Carrie Kahn  
Committee Clerk

## WRITTEN TESTIMONY

To: State of Wisconsin Senate and House of Representatives

From: Lieutenant John Conger  
City of Milton Police Department  
Milton, WI 53563  
(608) 868-6910 ext. 25  
[miltonpd5402@charterinternet.com](mailto:miltonpd5402@charterinternet.com)

Re: Traveling Sales Crew Regulation, SB 4

Date: February 16, 2009

Thank you for this opportunity to address you in written form. I had originally planned to testify in person, as I have done many times, however I was unable to make arrangements to do so with such late notice.

Therefore, I would ask that you take the time to read my brief comments in regards to SB 4 that you are considering and likely debating.

To give you a brief historical perspective, I was the officer working patrol back in 1999 at the time of the Janesville crash that has been the impetus behind Mr. Ellenbecker's cause and this subsequent legislation. At that time I had attempted to stop a vehicle for a speeding violation. That vehicle turned out to be the one that eventually rolled several times, ejecting the majority of its passengers and in the process claiming seven young lives, not to mention the physical and emotional trauma suffered by many others.

All occupants of that vehicle were members of a traveling sales crew.

That brings us to today. Where you are once again, for reasons I cannot quite comprehend, *still* debating the merits of legislation to regulate this industry that has shown utter disregard for the young of our society, and their precious lives.

I will not go into the detail that I'm certain Mr. Ellenbecker will when it comes to the evidence to support my statements about this industry, and the seemingly endless incidents in connection with this industry that tend to end in victimization and death.

I will leave Mr. Ellenbecker to provide that evidence, as well as the emotional side of his fight that I'm certain you respect due to the loss of his daughter.

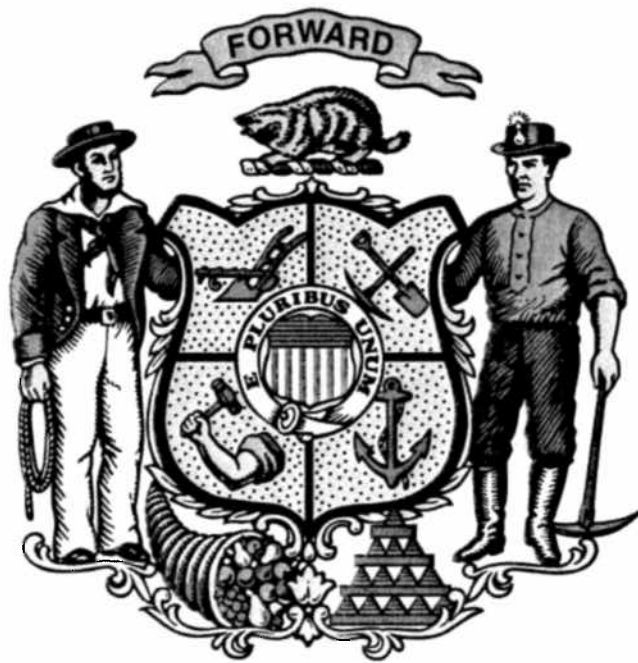
I will simply make a brief plea that you move this legislation forward and pass it. It is simply an embarrassment to our State and dare I say its legislative bodies that we are not showing the initiative to be on the forefront of regulating this industry.

We are the unfortunate home of likely the most deadly incident in connection with this inept industry. With that comes the responsibility to lead, to legislate, and to regulate this industry which is not willing, nor capable of doing that itself.

In closing, I would ask that after ten years you *finally* pass this legislation and make the statement that we, in Wisconsin, are not going to tolerate this industry operating here without the strictest of guidelines.

Sincerely;  
Lt. John Conger  
City of Milton Police Department







State Senator  
**Neal J. Kedzie**

11th Senate District

February 17, 2009

State Senator Robert Jauch  
Chair, Senate Committee on Children, Families and Workforce Development  
Room 118 South, State Capitol  
Madison, WI

Dear Senator ~~Jauch~~ <sup>Bob</sup>,

On Thursday, February 19<sup>th</sup>, Senate Bill 4 and a number of gubernatorial appointments will be heard by the committee. According to the hearing notice, it is possible the committee will enter into Executive session on any items before the committee that day.

While I have no specific objection as it relates to the appointments, I have a general concern with the practice of voting on a bill the same day it is heard. For this particular hearing, I believe Senate Bill 4 will garner a great deal of attention from a number of concerned citizens. In fact, many of those individuals have already contacted committee members to express their thoughts of how the bill may negatively impact their profession. Further, my office has been briefed by a nationwide company expressing equal concern of certain provisions of Senate Bill 4.

Thus, I believe it would behoove the committee to allow those individuals and entities the opportunity to voice their concerns at the hearing and grant the appropriate time for committee members to review that information and consider potential revisions to Senate Bill 4, if necessary. However, if it is your intent to act expeditiously and request a vote the same day the bill is heard, we will lose that opportunity and our ability as members of the committee to adopt and advance the most sound public policy for consideration by the Senate as a whole.

Thank you for your attention to my concerns.

Sincerely,

**Neal Kedzie**  
State Senator  
11<sup>th</sup> Senate District

CC: Members, Senate Committee on Children, Families and Workforce Development

NJK: dj



**TESTIMONY OF SEN. ERPENBACH**

**Senate Bill 4 - MALINDA'S LAW – the “Traveling Sales Crew Bill”**

**Senate Committee on Children, Families and Workforce  
Development**

**February 18, 2009**

**Good morning Chairman Jauch and committee members. Thank you for holding this hearing on Senate Bill 4 – the Traveling Sales Crew Bill. This bill is also referred to as “Malinda’s Act” in honor of Malinda Turvey, one of the victims of the tragic van crash in Janesville of a traveling sales crew in 1999. Seven young people lost their lives in that crash, and 5 others were seriously injured. With us here today is Phil Ellenbecker, Malinda’s father.**

**Phil has worked tirelessly since the tragic death of his daughter to shine a light on the unfair and dangerous practices of these traveling sales crews that prey on young people. He’s also shone a light on some of the dangerous people who are employed by these entities who target vulnerable people in their homes. That’s why we’re here today – to discuss this legislation that will regulate the industries that hide behind the guise of “independent contractor” and give state officials and local law**

**enforcement the tools they need to deal with these rogue crews in a timely manner.**

**There are currently few regulations on the traveling sales crew industry, and those that do exist are nearly impossible to enforced. I have worked closely with the Department of Workforce Development (DWD), the Department of Justice (DOJ) and the Department of Agriculture, Trade and Consumer Protection (DATCP) to ensure that they have the tools they need to enforce regulations on this industry.**

**As a side note, after the creation of the wildly popular NO-Call list, telemarketing operations are being converted into traveling sales crews – once again bothering people at their homes at their doors instead of on the phone.**

**The intent of this bill is to address the two primary problems of the traveling sales crew industry:**

- 1. Abuse of employees, through the industry's flagrant disregard for federal and state labor laws.**

2. **Protection of consumers to ensure they are receiving the product they have ordered and also ensure homeowners are not facing dangous criminals knocking on their doors.**

## **KEY COMPONENTS OF THE BILL THAT PROTECT SALES CREW EMPLOYEES:**

- **It prohibits the hiring of minors.**
- **It requires employers of sales crews to issue a disclosure statement to salespersons at the time of hire – providing specific information about the business and how it operates.**
- **It requires that all members of sales crews be considered employees and prohibits the use of independet contractors as crewmember salespersons. Defining the employees as independent contractors allows the business to avoid paying taxes and worker compensation.**
- **It requires at least semi-monthly paychecks for all wages earned. Some employees never see paychecks as they**

become the scammed by these employers who abandone them on the road.

- It requires that all vehicles used to transport workes must be certified as up to all safety codes - seat belts for all passengers – this alone might have saved lives as that vehicle did not have seatbelts for many of the kids and they were thrown from the vehicle as it crashed.
- If the transport of hazardous materials is required, it requires the types of materials to be sold must be disclosed and proof must be given that the employees know how to safely handle the hazardous chemicals – this is for the Cleaner product crews, where often young people have no idea about the dangers of the products they are handling.
- It prohibits an employer from abandoning employees because they are sick, injured or have been arrested. This happens far too often – employees are abandoned without any money, food or identification.
- It prohibits an employer from taking away a worker's money, ID, phone or any other personal property during the course

of employment with the traveling sales crew. They take these items away from the workers so they cannot try to flee from their working conditions, which can often times be abusive.

- It also prohibits the employer from restricting communication between the worker and family or friends.

## **KEY COMPONENTS OF THE BILL THAT PROTECT CONSUMERS AND HOMEOWNERS:**

- Requires employers who utilize traveling sales crews in Wisconsin, or who recruit crewmembers in Wisconsin, to obtain a “certificate of registration” from DWD prior to entering the state. The information collected as part of the application process will allow us to know who is selling here – and if any of the crewmembers has a prior conviction record. This will be a CCAP, if you will, on out of state workers coming in to Wisconsin.



- **Creates a DWD ID badge for traveling sales crew workers – workers must carry this state issued ID, as well as a copy of the certificate of registration with them at all times.**
- **Prior to selling door-to-door in any community, a stamp must be requested and issued by that municipality. The stamp must be placed on the registration certificate. The employer is also required to notify local law enforcement when they plan to begin sales activities.**
- **Requires employers to traveling sales crews to post a \$10,000 bond or equivalent as part of the registration process.**
- **Limits the time of day salespersons on a traveling sales crew can engage in sales activities – between 9:00 a.m. and 9:00 p.m. only.**
- **Allows local law enforcement to issue citations to any crew workers violating the provisions of the bill – the money collected from the citations will be retained by local governments.**

**That's the nuts and bolts of what the bill does.**

**You will hear opposition from the Southwestern Company, and the Direct Sellers Association describing SB 4 as a "slippery slope" that they are concerned will lead to further regulation of legitimate direct sellers here in Wisconsin. In the past they have proposed amendments that essentially gutted the bill. They are back again this year with amendment language.**

**Let me be very clear - Senate Bill 4 does not affect a true independent contractor who is operating their own business. If they gather in groups of two or more to sell their products – then yes, they would have to comply with the provisions in SB 4. That is not how a most Independent contractors, like Pampered Chef Consultants or Avon representatives, operate.**

**They can't have it both ways. If they are independent contractors – let them act as independent contractors. If they are going to be selling in crews – let them comply with this law.**

**In testimony before the Senate Labor Committee, “independent contractors” from the Southwestern Company provided very enlightening testimony. It’s clear that the business model that Southwestern Company employs – recruiting college students to work for their company, calling them independent contractors, that they then arrange transportation to their out-of-state selling location, provide lists of contacts for these kids to approach to arrange housing, and daily supervision of their activities by a more senior salesperson in their 3 or 4 member “crew” – yes it became evident that Southwestern would have to change their business model to comply with the provisions of SB 80.**

**The reality is, the kids entering their program would have to become far more “independent” for the independent contractor moniker to apply.**

**At the Assembly hearing on Tuesday, the folks from Southwestern shared a legal opinion from a lawyer in Milwaukee challenging the constitutionality of the bill. I**

**assume and request that we hear from Legislative Council Staff with their thoughts as that is submitted later during testimony.**

**It tells me that Southwestern plans to challenge this law in court once it is passed. That would be an interesting court case, and a great opportunity for our folks at the Department of Workforce Development to be a part of the discussion surrounding “Independent Contractor” – especially as it relates to Southwestern. That’s the process that’s available to someone who disagrees with legislation that is passed.**

**Again, legitimate, truly “independent” independent contractors have nothing to fear from SB 4. If independent contractors choose to act in the manner of a “traveling sales crew” – then they would, AND SHOULD, comply with the reporting requirements of SB 4 just as the rogue outfits will have to. Without the enforcement component of SB 4 – it will continue to be difficult for local law enforcement and state officials to take action against the rogue entities.**

**I understand that the Direct Sellers Association is drawing a line in the sand regarding this bill – out of fear that Wisconsin's law will be mirrored in other states, or perhaps out of greater fear that the independent contractor model will be more closely scrutinized in the future. That's not the purpose of this bill – protecting young workers and consumers is its focus.**

**Responding to that fear will be determined by this committee.**

**My hope would be that the committee would take into account the fear that those young people must have faced as their van crashed on the interstate near Janesville, or the fear the woman in Menomonie must have felt as she was raped by a member of one of these traveling sales crew members, or the fear the elderly couple from Grafton must have felt as they were being assaulted and robbed by a member of one of these rogue crew members. If the Direct Sellers Association truly wants the rogue traveling sales crew outfits to be regulated – they should be supporting SB 4 as introduced.**

**We have got to have action, and SB 4 is the answer. It will give law enforcement and state officials the tools they need to effectively deal with rogue traveling sales crews in a timely manner. Without action, we continue to allow the traveling sales crew industry to be the perfect operation for individuals with criminal backgrounds and motivations to move from state to state under the radar of law enforcement. This is a crime prevention bill as much as anything else. I strongly urge the committee to put the needs of Wisconsin residents and young workers first and pass Senate Bill 4, just as the Senate has done for the past two sessions – last session with a vote of 28-5, including the support of all of you serving on the committee today, with the exception of Sen. Hopper who is just joining us this session.**

**Now you'll hear from Phil Ellenbecker, the founder of the Dedicated Memorial Parents Group, and Malinda Turvey's dad.**





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SB 4?

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 M. ANDREW SKWIERAWSKI  
 JOSEPH M. PELTZ

February 18, 2009

VIA E-MAIL & U.S. MAIL  
dmoore@southwestern.com

Mr. Dan Moore  
 President  
 The Southwestern Company  
 2451 Atrium Way  
 Nashville, TN 37214

RE: ***Proposed Legislation Regulating "Traveling Sales Crews"***

Dear Mr. Moore:

You had asked me to provide you with an opinion concerning the validity of SB-4, the proposed legislation regulating "traveling sales crew(s)," as it relates to the methods used by Southwestern in its sales of educational materials. I gave you my initial opinion letter on February 16, 2009. I wish to restate and supplement that opinion in order to more fully set forth the Constitutional defects in the proposed legislation.

Based upon my review of this proposed statute, it is my opinion that the proposed law would violate both the Dormant Commerce Clause and the Privileges and Immunity Clause of the United States Constitution as applied to the manner in which Southwestern does business, because the proposed law discriminates against persons who are permanent residents of other states and favors persons who are permanent residents of Wisconsin. The legislation also directly interferes with the ability of non-Wisconsin residents to operate their own small businesses as direct sellers, forcing them instead to be "employees" of the company. In addition to being anti-business and impairing entrepreneurial activity, this aspect of the law impairs interstate commerce. Finally, as a practical matter, the reach of this bill is so profound that it would significantly impair a multitude of commercial activities regularly enjoyed by Wisconsin residents such as art fairs, the State Fair, regional fairs, Summerfest, and would even impair local markets such as the vendors of food on Capitol Square in Madison.

Southwestern recruits college students who are over 18 years old to become dealers for the sale of Southwestern's books and software. Student-dealers are free to sell products of other companies, and they are free to set their own prices. The college students are trained extensively in how to manage their own business. The student-dealers<sup>1</sup> then travel to a state and community,

<sup>1</sup> The students sign a formal dealership agreement with Southwestern. These students would be dealers as defined by the Wisconsin Dealership Act (Chapter 135), but for the fact that door-to-door sales are exempt from the Act -- § 135.07(3), Wis. Stats.



sometimes sharing rides and gas expenses, where they would like to spend the summer. Upon arrival, the student-dealers establish residency in a community, are always advised to register with all local authorities so that they comply with all local laws concerning door-to-door sales, and generally speaking spend the rest of their summer at this one location, along with other student-dealers.

During the day, the student-dealers engage in door-to-door sales. Bulk orders are placed with Southwestern before the end of the summer; books are shipped to the student-dealers who obtain title to the books; the student-dealers personally deliver the books to the consumers to complete their retail sales. The student-dealers' gross profit is determined by the difference between the wholesale and the retail price of the sale. The student-dealers are responsible for paying their own costs and are responsible for preparing and filing their own business tax returns. The student-dealers collect the state sales tax and accommodations are made for the payment of these taxes by Southwestern. Most importantly, at the end of each business day, the student-dealers return to the same temporary residence. They are virtually never absent overnight from their temporary Wisconsin residence(s) while engaged in their sales work.

The proposed legislation, as drafted, does not apply to persons who are members of a "traveling sales crew" as long as they are not "absent overnight from their permanent places of residence . . ." In other words, this proposed legislation discriminates between **permanent** Wisconsin residents who are not absent overnight from their permanent residence and temporary residents (in this case persons who are residents of another state) who are not "absent overnight" from their same **temporary** residence. Thus, the only distinguishing fact which determines whether this proposed law applies is whether the member of the "traveling sales crew" intends to make Wisconsin his/her permanent place of residence. Thus, the proposed legislation, in my opinion, would violate the Dormant Commerce Clause of the United States Constitution.<sup>2</sup>

Article I, Section 8 of the United States Constitution bestows upon Congress the authority to regulate interstate commerce. Where Congress has not acted to regulate an activity in interstate commerce, the Commerce Clause is deemed "dormant." But that does not mean that states are free to regulate interstate commerce in such a way where the regulation discriminates against interstate commerce and favors local commerce. Such discriminatory conduct violates the doctrine which has come to be known as the "Dormant Commerce Clause."

One of the touchstone cases in this area is *Ward v. Maryland*, 79 U.S. 418 (1870). In *Ward*, the state enacted a higher license fee on out-of-state persons than it charged permanent residents of the state. The Supreme Court of the United States struck the law down because it discriminated against out-of-state merchants. Although applying a different clause of the Constitution (the

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<sup>2</sup> Since we are dealing persons who are over the age of 18 years, permanent place of residence means any place where the adult chooses to live. Permanent residents of Wisconsin live in traditional homes, apartments, dormitories, and community living arrangements. There is nothing that distinguishes the living situation of permanent residents from the living situation of temporary residents.

Privileges and Immunities Clause, discussed below), the holding comports with a core principle of Dormant Commerce Clause jurisprudence. The Court said:

[T]he clause plainly and unmistakably secures and protects the right of a citizen of one state to pass into any other state of the Union for the purpose of engaging in lawful commerce, trade, or business without molestation; to acquire personal property; to take and hold real estate; to maintain actions in the courts of the state; and to be exempt from any higher taxes or excises that are imposed by the state upon its own citizens.

*Id.* at 430. This same analysis has found its way into commerce clause challenges. In *Camps Newfound/Owatonna, Inc. v. Town of Harrison*, 520 U.S. 564 (1997), the United States Supreme Court held that Maine could not penalize camps which serve mostly out-of-state campers. Indeed, the Court held that such distinctions are “virtually *per se* invalid.” The Court cited *Fulton Corp. v. Falkner*, 516 U.S. 325, 331 (1996), for this proposition, where the Court said:

In its negative aspect, the Commerce Clause “prohibits economic protectionism” – that is, “regulatory measures designed to benefit in-state economic interests by burdening out-of-state competitors.”

*Id.* at 330.

This analysis has been followed in the context of efforts of states to discriminate between a temporary resident and a permanent resident engaging in the same general business. *See, e.g., Leonard v. Reed*, 46 Colo. 307, 104 P. 410 (1909), and *City of Carrollton v. Bazette*, 159 Ill. 284, 290, 42 N.E. 837 (1896) (“We are of the opinion that the City Council had no power to make any discrimination between residents and non-residents of the City, or between those temporarily residing in the City and those permanently residing there, in requiring licenses, or in the fees to be paid for such licenses.”).

The United States Constitution at Article IV, Section 2, Clause 1, guarantees to all of the citizens of each state “all privileges and immunities of citizens in the several states.” (“The Privileges and Immunities Clause.”) Justice Brennan noted in *Hickland v. Orbeck*, 437 U.S. 518, 531-32, that the Privileges and Immunities Clause is closely related to the Commerce Clause because both clauses stem from a common origin. The general purpose of both provisions is “to place the citizens of each State upon the same footing with citizens of other States, so far as the advantages resulting from citizenship in those States are concerned.” *Supreme Court of Virginia v. Friedman*, 487 U.S. 59, 64 (1988), *citing Paul v. Virginia*, 19 L. Ed. 357 (1869). In addition, the Supreme Court in *Friedman* noted that “the Privileges and Immunities Clause **was designed to insure to a citizen of State A who ventures into State B the same privileges which the citizens of State B enjoy.**” *Id.*, *citing Toomer v. Witsel*, 334 U.S. 385, 395 (1948) (emphasis added).

The overarching purpose of these two clauses is to ensure “that the peoples of the several states must sink or swim together.” *American Trucking Association, Inc. v. Michigan Public Serv. Comm.*, 545 U.S. 429, 433 (2005), citing *Baldwin v. G.A.F. Seelig, Inc.*, 294 U.S. 511, 523 (1935). It has been observed that these clauses avoid “the tendencies toward economic Balkanization.” *Oregon Waste Systems, Inc. v. Department of Environmental Quality*, 511 U.S. 93, 98 (1994), citing *Hughes v. Oklahoma*, 441 U.S. 322, 325-26 (1979). Furthermore, these constitutional bars against discrimination are designed to prohibit “economic protectionism” that could “excite jealousies and retaliatory measures the Constitution was designed to prevent.” *C&A Carbone, Inc. v. Clarkstown*, 511 U.S. 383, 390 (1994).

The proposed legislation violates all of these core principles. Out-of-state student-dealers would be placed at a severe economic disadvantage as compared to permanent resident student-dealers. There is no meaningful distinction between a Southwestern student-dealer who becomes a temporary resident of Wisconsin and a permanent resident of Wisconsin. The only difference is whether the out-of-state resident intends to become a “permanent” resident of Wisconsin. In all other respects, in-state and out-of-state student-dealers are indistinguishable. There is absolutely no compelling justification to support this discrimination. Thus, interstate commerce is impermissibly burdened and the temporary residents are denied their entitlement to all of the privileges and immunities of the several states.<sup>3</sup>

The proposed legislation’s registration and licensing provisions are extremely onerous. Out-of-state students who spend their summers in Wisconsin are required to register, to be licensed and, in the case of student-dealers who supervise others or drive a car, to be finger-printed, and to be subjected to an extensive background check. They are also required to post financial security for their conduct. By contrast, in-state students who spend their summers in Wisconsin (student residents may spend the rest of the year going to school outside Wisconsin) are not subject to any of the provisions of this proposed legislation. The discrimination against out-of-state residents is manifest. The direct impairment on interstate commerce is also manifest.<sup>4</sup>

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<sup>3</sup> In deciding that migrant workers in Wisconsin resided at a “residence,” a federal court in Milwaukee noted that the definition of “residence” is, “[a] temporary or permanent dwelling place, abode or habitation to which one intends to return as distinguished from a place temporary sojourn or transient visit.” A sojourn or transient visit would be similar to living in a motel. *Lauer Farms, Inc. v. Waushara County Board of Adjustment*, 986 F.Supp. 544, 558 (E.D. Wis. 1997).

The law also represents poor fiscal policy. Section 1983 of 42 U.S.C. (“Civil Rights Act”) creates a private right of action to challenge state laws which offend the Constitution of the United States. Section 1988 of 42 U.S.C. contains a fee-shift provision. The State would be required to pay not only its own costs in defending such a lawsuit, but would be required to pay all of the fees and costs of the prevailing party should this law be declared unconstitutional. This could become an extremely costly undertaking for the State of Wisconsin.

The proposed law, in its current form, also offends the Constitution in another manner – by directly interfering with the ability of non-Wisconsin residents to act as “direct sellers” in order to warrant favorable tax treatment.

As drafted the Act will force any employer that uses “traveling sales crews” to treat all of its dealers as employees rather than independent contractors, further mandating at least bi-monthly wages pursuant to written contract. From the independent dealer’s perspective, the law restricts the manner in which they can operate their business in Wisconsin, forcing them to act as an “employee” rather than an independent contractor. While such persons could engage in their own business as an independent contractor while in Illinois or Minnesota, they would have to become employees of the provider the moment they crossed the border into Wisconsin. This type of direct burden on commerce is not allowed.

One concrete impact of this aspect of the law is discrimination in the manner in which non-Wisconsin residents are taxed. The law will impose an unwanted taxation scheme on out-of-state small business owners, the vast majority of whom choose to act as independent contractors rather than employees when engaging in direct sales activities. Not only does this violate the Dormant Commerce Clause (numerous cases have stricken discriminatory taxation of non-residents), but it undermines what otherwise is a great opportunity for individuals to start up a small business.

Section 3508(b)(2) of the Internal Revenue Code (“IRC”) defines the term “direct seller” to mean any person if –

- such person
  - is engaged in the trade or business of selling (or soliciting the sale of) consumer products to any buyer on a buy-sell or deposit-commission basis for resale by the buyer or any other person in the home or in some other place that does not constitute a permanent retail establishment, or
  - is engaged in the trade or business of selling (or soliciting the sale of) consumer products in the home or in some other place that does not constitute a permanent retail establishment;
- substantially all the remuneration (whether or not paid in cash) for the performance of the services described above is directly related to sales or other output (including the performance of services) rather than to the number of hours worked; and
- such person performs the services pursuant to a written contract between such person and the service-recipient and the contract provides that such person will not be treated as an employee with respect to such services for federal tax purposes.

It has been estimated that nearly all direct sellers of products choose to be classified for federal tax purposes as independent contractors. *See* IRS Retail Industry Audit Technique Guide, Chapter 3, Section V (citing study showing 99.99% of persons choose to be treated as independent contractors).

In addition to the Southwestern model of contracting with college students to act as direct sellers of books, the direct selling model is well entrenched for products such as cosmetics (Mary Kay, Avon) and housewares (Tupperware, Pampered Chef, Party Lite and Wisconsin's Regal Ware). The proposed legislation may imperil these business models as well, throwing unnecessary and unconstitutional barriers in the way of thousands of hard-working sales people. To the extent the proposed legislation does not directly reach such direct sellers, it would indirectly impact how such entrepreneurs conducted their business by prohibiting any instance of two or more persons acting together and traveling to make such direct sales.

The broad scope of this proposed legislation would impair everyday activities which are commonplace in Wisconsin throughout the year. The proposed legislation applies to all sales on public streets or in public spaces. Thus, this proposed legislation would apply to any farmer who sells at farmer's markets where the farmer travels with another, and spends the night away from home.<sup>5</sup> These would not only include the very popular market around Capitol Square, but markets all over the State. Art festivals typically last more than a day and typically involve persons who travel from all over the country to sell their art, spending the night in Wisconsin. Rock concerts or other concerts travel with people who sell goods and merchandise as part of the show. Likewise for the circus. Summerfest vendors would be included. State Fair vendors would be included. Vendors at Harley Fest would be regulated. Persons engaged in sales at summer destination places such as Door County would be included. The list is endless.

Thus, not only does this proposed legislation violate core constitutional provisions if enacted, it would seriously jeopardize a multitude of everyday commercial and entertainment activities in Wisconsin.

As we have discussed, it is apparent that these various constitutional defects are not necessary or warranted by the driving purpose behind the legislation itself – which is to prevent unseemly companies from taking advantage of young persons and putting them into traveling sales groups that lead to dangerous situations. By contrast, Southwestern has been in business for over 140 years and is a completely transparent organization with a track record of success in allowing and encouraging college students to become entrepreneurs. In this regard, Southwestern has drafted a proposed amendment to the legislation, which would exempt from the definition of traveling sales crew individuals, such as our student-dealers, who: (1) have a signed contract with the supplier company to re-sell merchandise for profit; (2) take title to and are obligated to the end consumer for delivery of the merchandise; (3) maintain a bank account in the State of Wisconsin in their own name; and (4) sign a statement to be filed with the Wisconsin DATCP that they have received and will obey all state laws applicable to face-to-face solicitation. In the alternative, we propose exempting individuals (like our student-dealers) who establish a temporary residency

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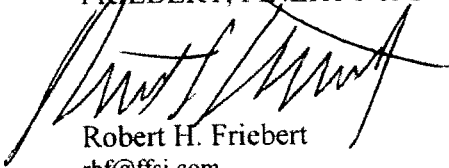
<sup>5</sup> This proposed legislation would apply to residents who spend a single night away from their "permanent places of residence" for the purpose of engaging in sales activity.

Mr. Dan Moore  
February 18, 2009  
Page 7

with an intent to reside in Wisconsin for at least thirty days. In our opinion, this amendment would eliminate many of the constitutional defects in the current proposed legislation.

Very truly yours,

FRIEBERT, FINERTY & ST. JOHN, S.C.

A handwritten signature in black ink, appearing to read 'Robert H. Friebert', written over the printed name.

Robert H. Friebert  
[rhf@ffsj.com](mailto:rhf@ffsj.com)

RHF:las





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## Testimony of JoAnna Richard, DWD Deputy Secretary in support of SB 4 February 19, 2009

Door-to-door sales crews in this country have represented a major employment problem in this country for many years. The employers tend to recruit minors and young adults from low-income families with promises of high wages (commissions) and an exciting job.

Employers of door-to-door crews frequently move from state to state, hiring workers, working them long hours and then when the employer once again moves on, leaving unpaid workers behind. In other cases, the crew chiefs like to take the workers far away from home, withhold pay to ensure the workers are dependent upon the crew chief for the daily food and lodging. There have been instances that crew chiefs withhold food and lodging as a means of controlling crew workers. Some have physically and sexually harassed workers to intimidate them.

In 1985 the Legislature passed legislation designed to limit and severely regulate the use of minors in Wisconsin in door-to-door sales. This legislation has proved quite successful in discouraging the use of minors in door-to-door sales since that time. As a matter of record there have only been three businesses registered in Wisconsin to conduct door-to-door sales using minors. Obviously no legislation can ensure the complete elimination of prohibited activities. Nevertheless it appears within the past nineteen years there has been a significant reduction in the use of minors in Wisconsin for door-to-door sales while other states have not noticed similar reductions.

The proposed legislation attempts to take the model of the 1985 legislation and apply similar registration requirements to employers seeking to use traveling sales crews in Wisconsin or crews that originate in Wisconsin. **One of the principal differences in this legislation from the 1985 legislation is that the 1985 legislation only protected persons under 18 years of age. This legislation attempts to protect any individual working on a traveling sales crew and totally prohibits minors from working on a traveling sales crew.**

Perhaps the most compelling argument for this legislation was the van accident that occurred in 1999 outside the city of Janesville. A traveling sales crew of 15 was traveling in a van on I-90 when it passed through a radar speed measurement.



Since the driver was traveling in excess of 85 in a 65 mph zone, didn't have a valid driver's license and was driving a van that didn't meet state safety regulations the driver chose to flee the police officer until he could switch positions with someone else in the van. The end result was the van rolled over several times and most of the van occupants were strewn across the highway. A number of the passengers were killed and several severely injured. All but two of the individuals on the crew were adults.

The Legislature in other legislation has clearly stated its intent to ensure that employers: provide a safe working environment, pay their employees; and, employers disclose the conditions of employment to workers. **This legislation pursues those same protections for employees of traveling sales crews by creating unique requirements designed to fit the nature of the business.** For example, this bill contains a provision requiring employers of traveling sales crews to maintain a surety bond. This bond covers workers' wages when the employer doesn't pay them. Since the employer may no longer be located in Wisconsin the department can't simply use normal collection methods we use with employers with firm roots in Wisconsin. The bond allows the department to place a claim against the bond for any unpaid wages.

As the incident with the 1999 van crash clearly showed, unethical employers of traveling sales crews frequently ignore state laws. This legislation will not totally solve that problem. It will, however, provide a number of tools for the department to use to lessen the likelihood those employers will choose to do business in this state and will assist the department in dealing with employers who do business in this state and choose to violate.

In 1999, I was the legislative liaison at the Department of Justice and was immediately tasked to develop legislation to address this tragedy. Despite our best efforts, our state prosecutors could not deliver the justice the family members needed and deserved. I implore you to deliver justice to them today, before another family has to endure this type of tragedy.





State of Wisconsin  
Jim Doyle, Governor

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**Department of Agriculture, Trade and Consumer Protection**  
Rod Nilsestuen, Secretary

February 19, 2009

The Honorable Robert Jauch, Chair  
Committee on Children and Families and Workforce Development

**Re: SB 4, Traveling Sales Crews**

Dear Senator Jauch:

The Department of Agriculture, Trade and Consumer Protection supports Senate Bill 4 relating to the regulation of traveling sales crews.

While the Bureau of Consumer Protection has limited enforcement authority under this bill, it applauds the efforts of this bill to protect Wisconsin citizens, both sellers and purchasers, from the unscrupulous practices of some traveling sales crews. This bill not only strives to protect the employees of traveling sales crews, but also provides greater protection to those who choose to open their door to a crew member.

Over the years Consumer Protection has received multiple contacts from local law enforcement agencies, the media, and consumers regarding traveling sales crews. The department has had a role in many high-profile investigations into the practices of such crews. The department would like to share three incidents with this committee that raise the concerns we have - including the safety of crew members while traveling, other safety issues for crew members, and the security of citizens who are prospective purchasers.

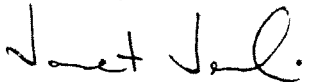
- The department assisted in the investigation of the tragic van accident that resulted in the death of seven traveling sales crew members. This bill will help to ensure that the vehicles transporting crews are safe and that all drivers have valid drivers' licenses.
- In 2001, the department received a call from a female crew member who was being assaulted in a hotel room. The department alerted local law enforcement who responded and stopped the assault.
- The department has been called when crews are selling cleaning chemicals that may be hazardous substances or are not labeled properly for handling and safety precautions under s.100.37, Wis. Stats. In one case, it was discovered that the sales crew members had not received any training on proper handling and storage procedures for the product that proved to be a hazardous substance.

*Agriculture generates \$51.5 billion for Wisconsin*

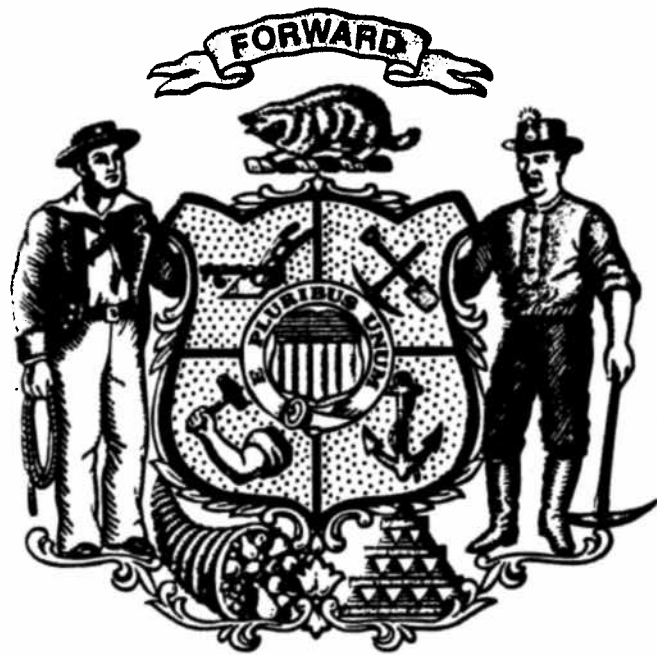
In addition the department has received consumer complaints from the elderly who are particularly vulnerable to these sales pitches and thus often fall victim to the methods used by traveling sales crews.. Some of these consumers have been threatened, robbed, and attacked. In addition, it is not unusual for traveling sales crew members to break consumer protection laws just to make the sale. The bill under consideration would allow DWD to consider Consumer Protection statutes and rules when determining whether to register a traveling sales crew.

Thank you for the opportunity to comment in support of Senate Bill 4.

Sincerely,

A handwritten signature in cursive script that reads "Janet Jenkins".

Janet Jenkins, Administrator  
Division of Trade & Consumer Protection



*TESTIMONY FOR THE*  
**SENATE COMMITTEE ON CHILDREN AND FAMILIES AND WORKFORCE DEVELOPMENT**  
*ON*

THURSDAY, FEBRUARY 19, 2009, 11:30 AM  
ROOM 201 SOUTHWEST, CAPITOL

*SUBMITTED BY*  
**STATE SENATOR JUDY ROBSON, 15<sup>TH</sup> DISTRICT**

**IN SUPPORT OF SB 4, REGULATION OF TRAVELING SALES CREWS**

THANK YOU, SENATOR JAUCH AND COMMITTEE MEMBERS. FOR HOLDING THIS HEARING ON SENATE BILL 4.

IT WILL BE TEN YEARS AGO ON MARCH 25<sup>TH</sup> WHEN SEVEN YOUNG PEOPLE DIED WHEN THE VAN THEY WERE TRAVELING IN ON INTERSTATE 90 WENT OUT OF CONTROL, ROLLED, AND CRASHED NEAR JANESVILLE.

THEY WERE EMPLOYEES OF A TRAVELING SALES CREW.

I HAPPENED TO BE AT MERCY HOSPITAL ON THE DAY OF THIS TRAGEDY. IT WAS THE WORLD TURNED ON ITS HEAD. THIS WAS NOT SUPPOSED TO BE HOW YOUR SUMMER JOB ENDED.

IN A SENSE, THE TRAVELING SALES INDUSTRY WAS AN ACCIDENT WAITING TO HAPPEN. THE SALES CREWS HIRED TEENAGERS AND YOUNG ADULTS WITH THE LURE OF AN EXCITING JOB WHERE THEY COULD TRAVEL THE COUNTRY.

BUT BECAUSE THEY MOVE FROM TOWN TO TOWN AT NIGHT, IT HAS BEEN DIFFICULT FOR STATES TO MAKE SURE THEY COMPLY WITH OUR EMPLOYMENT LAWS.

THE YOUNG PEOPLE WHO DIED ON I-90 NEAR JANESVILLE 10 YEARS AGO HAD BEEN SUBJECT TO TERRIBLE WORKING CONDITIONS LEADING UP TO THAT HORRIBLE CRASH.

THEY WERE OVERWORKED, UNDERPAID, AND SUBJECT TO INTENSE PRESSURE TO SELL ITEMS DOOR TO DOOR.

MANY END UP WORKING 80 TO 85 HOURS A WEEK, FAR FROM HOME. THEIR CREW BOSS MAKES IT DIFFICULT FOR THEM TO QUIT AND GO BACK HOME.

WHEN THE CRASH OCCURRED, THE VAN HAD NO LICENSE PLATES. THE CREW CHIEF DRIVING THE VAN DID NOT HOLD A VALID DRIVER'S LICENSE. HE WAS DRIVING 81 MILES PER HOUR. WHEN HE SPOTTED A MILTON POLICE OFFICER, HE ATTEMPTED TO PUT A PASSENGER IN THE DRIVER'S SEAT. AND THAT IS WHEN THE VAN WENT OUT OF CONTROL.

THE BILL BEFORE US TODAY IS INTENDED TO PREVENT THE TYPE OF HORRIBLE WORKING CONDITIONS THAT MANY TRAVELING SALES CREWS FIND THEMSELVES IN.

THIS BILL WILL ENSURE MORE ACCOUNTABILITY AND DISCLOSURE FOR AN INDUSTRY WHICH IS BADLY IN NEED OF IT.

IT WILL STOP THE ABUSE OF BOTH THE TRAVELING SALES CREW EMPLOYEES AND THE CUSTOMERS.

MOST IMPORTANTLY, SENATE BILL 4 REQUIRES THAT ALL MEMBERS OF THE TRAVELING SALES CREWS BE CONSIDERED EMPLOYEES AND PROHIBITS THEM FROM BEING TREATED AS INDEPENDENT CONTRACTORS.

AND DON'T LET ANYONE FOOL YOU: IT WILL NOT PREVENT THE SELLING OF GIRL SCOUT COOKIES.

THIS LEGISLATION IS LONG OVERDUE.

THANK YOU.







Cable • Internet • Telephone

Charter Communications Comments

Senate Bill 4

February 19, 2009

Good morning Mr. Chairman and Members of the Committee:

My name is Tim Vowell. I am the Director of Government Relations for Charter Communications' Wisconsin operations. Thank you for the opportunity to address you today regarding Senate Bill 4.

Charter Communications supports the intent of this legislation as we understand it although we are concerned that in its current form, the scope of the bill extends beyond the legislative intent and imposes duplicative and/or additional administrative burdens and costs on companies like Charter Communications. An overview of key points regarding our understanding of the legislative intent of Senate Bill 4 is:

- It seeks to require companies who engage in direct sales activities in Wisconsin to adhere to fair employment practices and provide a safe working environment for the people employed by them.
- It seeks to enhance public safety by requiring such companies to be registered with the state to facilitate oversight by the Department of Justice and local law enforcement agencies.
- It seeks to subject companies engaging in direct sales activities to comply with Wisconsin Statutes and state agency regulations relating to fair trade practices and consumer protection.
- It seeks to ensure that "Travelling Sales Crews" have appropriate insurance coverage for personal injury and property damage while they are working in the state.

Charter is registered to do business in Wisconsin subject to all applicable federal, state and local laws and regulations. We have almost 1500 employees and we serve approximately 525 municipalities in the state. We have an in-house direct sales team comprised of about 50 employees. Occasionally, they embark on special direct sales efforts in a given community that would qualify them as a Travelling Sales Crew under the legislation. An example would be when we launch a new product/service in a given local market such as a launch of our telephone service in a new area. We estimate that type of activity to apply 15% of the time or less although it would require that Charter comply with all the registration, reporting and fee provisions of Senate Bill 4 despite the fact that the costs would be duplicative in many respects and the fact that Charter should not be included in the scope of the bill because we are not a "here today, gone tomorrow" organization that the bill seeks to regulate.

2701 Daniels St., Madison, WI 53718-6792  
Phone: (608) 274-3822 Fax: (608) 274-1436

A couple of examples of duplicative costs would include we would incur include permit fees at both the municipal level and state level and the registration fees we would pay to cover the state's costs of administering the provisions of the bill such as conducting criminal background checks.

Members of Charter's in-house direct sales team are employees of Charter Communications:

- they receive regular paychecks on the same schedule as all other employees
- they receive the same company benefits as other employees including, but not limited to, health insurance and accidental death and disability insurance and 401k
- pre-hiring criminal background checks are conducted for all prospective employees
- proof of valid driver's license is required for all employees who drive on company business regardless of whether in a company vehicle or a personal vehicle
- they are reimbursed for overnight travel expenses including meals, lodging, mileage and reasonable telephone charges for maintaining contact with their families
- they are required to display a photo identification demonstrating that they are Charter employees
- all employees who drive on company business regardless of whether in a company vehicle or a personal vehicle are required to complete both an on-line defensive driving course and a classroom defensive driving course
- all employees are provided with monthly safety training on various topics relevant to our operations

Charter is already compliant with the material provisions of the Bill and we should not be required to adhere to the application process set forth therein, to pay additional fees that are primarily duplicative costs for Charter and to be burdened with the additional reporting requirements.

After speaking with the authors of the bill and participating in the hearing on the Assembly Companion bill this week, we certainly understand and support the intent of this bill, which is to prevent unscrupulous actors - often out-of-state companies - from taking unfair advantage of our citizens and our consumers by participating in the activities explained at this hearing.

However, the current draft of the bill casts a net which is so wide, it will require at least some businesses engaging in safe, regulated and lawful practices - while providing needed jobs in the state - to adhere to new, costly and burdensome application and monitoring requirements.

Clearly there is some activity which we trust and therefore have been exempted from the scope of the bill - Section 4 (14) NONAPPLICABILITY; NONPREEMPTION excludes certain organizations from the provisions of the Bill. Charter respectfully requests that Section 4 (14) be expanded to include companies such as ours who are permanent businesses in Wisconsin and who already comply with all applicable laws and regulations of the state.

Alternatively, the bill could exempt organizations such as Charter Communications whose employees engage in what is defined as "traveling sales" only on occasion, such as 15-20% of their time.





# SONDY POPE-ROBERTS

## STATE REPRESENTATIVE

February 19, 2009

Members of the Senate Committee on Children and Families and Workforce Development

I would like to thank you, Chairman Jauch, for scheduling a hearing today on Senate Bill 4. I appreciate the committee's dedication to this important issue.

Senate Bill 4 was drafted to address the lack of consumer and worker protection regulations that were tragically brought to the forefront after a sales crew van crash in Janesville. The crash, which took place on March 25, 1999, took the lives of 7 people and left 5 others severely injured.

This bill is named after Malinda Turvey, one of the 7 who lost their lives, and her father, Phil Ellenbecker of Verona, who is here testifying with us today, has logged countless hours fighting for the passage of this legislation.

Since the van crash, there have been further acts of violence committed by traveling sales crew members. Senate Bill 4 would provide the statutory tools to help DATCP, DWD, and DOJ enforce regulations and monitor traveling sales crews in order to stop future tragedies. This bill's language is the result of input from the aforementioned agencies, and you will hear testimony today from DATCP and DWD that will further elaborate upon the mechanisms established in this bill that will allow the agencies to play a more improved regulatory role.

In addition, the 2008-09 session will mark the fourth consecutive session in which this bill has been introduced. The past two sessions, this legislation has passed the Senate with bipartisan support. On both occasions, the bill was held up in the Assembly Committee on Small Business, where substitute amendments were introduced that effectively made the legislation meaningless. The bill was not brought before the full Assembly for consideration in either legislative session. It is time that this bill sees the light of day in both houses of the legislature.

You have the opportunity in front of you today to put the right tools in the hands of our state's agencies that will help them work to prevent future senseless loss of life.

Once again, I would like to thank Chairman Jauch and the Senate Committee on Children and Families and Workforce Development for scheduling a hearing on Senate Bill 4.

Sincerely,

Sondy Pope-Roberts  
State Representative  
79<sup>th</sup> Assembly District



2/19/09

Motion to exec. on appts.

Appts

2nd	Sen	Saulch	H	X
		Lassa	H	X
		Vmehout	H	X
1st		Kedzre	H	X
		Hopper	H	X

~~Motion~~

Erg.

- protect consumers
- consider members of sales crews employees
  - monthly paychecks
- types of hazardous materials
- prohibits abandonment
- does not effect true independent contractor
  - when they group as 2 or more, redefined

## Bob Ques

What about biz. model interfere w/  
their

- affects kids who come into states
- call them ind. contractors but send in groups

Kedzie <sup>how</sup> - would bill prevent tragedy?

driver of  
van was  
unlicensed

- make co's responsible for accident
- state could go after crews when something goes wrong
- definition of vehicle (seatbelts) may have helped?

Bob - unregulated practice that  
bill creates abused people working in bri  
standard of respon. placed on  
w/ to determine where  
young people may be at risk

Phil Elkenbecker - Dedicated Memorial Parent

How does SW differ <sup>Group</sup> from orgs depicted?

WI - highest death rate → 11

with lawsuit against SW → car accident  
of worker while he was traveling  
Dan ~~what~~ for SW → paralyzed for  
life  
- no criminal charges

- Platteville girls in accident  
hit a tree

topper

- distinguish Avon  
- local, not being hired by out  
of state co.

Erp → "no knock" bill



Dan Moore

- offer accident policy for \$15
- Bob - shouldn't co. just offer it?

~~Alissa~~ →

Pete C. → p. 9

Joanna Richard

- was DOJ EA, at time of accident
- looked into best practices on behalf of Doyle

John Webb DSA

- very low <sup>consumer</sup> complaint ratio per sales & employees & have process to resolve

- How would amendment ~~to~~ protect & regulate ~~consumers~~ & sales crews?

- Heather Schneider

- graduated w/o debt
- important to her to run her own biz

Subscriptions  
plus

Jim Rabbitt - DATCP

books from sales crew

- are crew member made \$1667/hr

Hopper - use protections to "reach" organization  
- problem was determining nexus  
of companies & make connection  
w/ them

Kedzie

- what is law right now for vans  
transporting people

- req. for licenses

- vans in good working order

Chris Fugman - used to work for Southwest  
- now works for Northwestern Mutual

Tim Vowell

Roger Seip





**Dedicated Memorial Parents Group**

**To:**  
**Members of Senate hearing on SB-4**

**From:**  
**Dedicated Memorial Parents Group**  
Phil Ellenbecker, Director  
704 Mark Drive  
Verona, WI. 53593

Public Hearing on Bill SB-4  
Malinda's Traveling Sales Crew Protection Act

February 19, 2009  
Wisconsin State Capital

Testimony of Phil Ellenbecker:

Good morning,  
My name is Phil Ellenbecker and I am the director of the Dedicated Memorial Parents Group.

Before I begin I would like to thank the <sup>Senate</sup> ~~assembly~~ committee members for giving me the opportunity to speak on behalf of the Senate bill SB-4 this morning.

I would also like to thank Senator Erpenbach, and Representative Sandy Pope Roberts and their staff members for helping to bring this very important legislation to your attention today.

And last but not least I would like to thank the Department of Workforce and Development, the Department of Agriculture Trade and Consumer Protection for their continued support of this bill and for their ongoing work with this most serious problem.

The Dedicated Memorial Parents Group is a non-profit watchdog organization that monitors and documents the criminal activities of the door-to-door sales industry. We also aid young adults when they become

*Prevention accident*  
*NTA website News Bulletin*

*Letter of Malinda Turner*

*Start Here*

Jobs  
abandoned from their ~~homes~~, which in many cases can be thousands of miles away. We aid families of victims and help find missing young adults when their families have lost contact with them and they have simply just disappeared.

News reports about serious problems with the door-to-door sales industry have been surfacing in the press for over 30 years.

By now nearly everyone has seen or heard some sort of bad news about these crews. Despite these reports, nothing has been done to regulate this industry in spite of two U. S. Congressional hearings and an outrageous, continuous outpouring of fresh stories of injuries and deaths of young salespeople and crimes committed against homeowners.

We believe that part of the problem is the fragmented nature of the news stories, for these incidents occur randomly all over the United States because the jobs in most cases are travel jobs. There is, in fact, an order to these events--a pattern, a source. For the last 10 years we have been doing our very best to correct this problem of random information.

The Dedicated Memorial Parents Group is dedicated to the archiving of news stories, convictions, and judgments in this sector of the door-to-door sales industry for perusal by the general public. We feel that the public has a right to know that these events have either happened in their state, or are likely to happen there in the future.

We feel that the public, by researching a particular interest on our web sites, will be able to readily see what the story is and what needs to be done. Most important, the public will be better able to protect themselves and its young people and keep them from falling prey to unscrupulous fly-by-night operators who make their living by trolling communities in search of a naive work force and innocent homeowners.

The news stories, criminal profilers, and wanted pages on our web sites demonstrate a disturbing trend in this industry: as the public has become better informed, the crew bosses have had more trouble recruiting through their usual medium of newspaper ads. They have turned to recruiting in malls, at teen events, on the street by pamphlet, and while selling door-to-door. Because hiring has become more difficult, more dangerous people are ending up on crews where they sometimes hurt innocent sales people as well

as potential customers. This trend to increased violence will continue until something concrete is done.

It is a shameful thing that our government has chosen to ignore the plight of young, door-to-door sales people, and the continued crimes being committed against homeowners for over three decades now.

It is beyond sadness for us, 'a parents' group whose children were victims, to think that if something had been done long ago when the first stories arose in the press, that our children, who were infants in their cribs at the time, would still be alive.

It is not surprising that door-to-door sales companies such as Southwestern, Kirby, and Amway, would do anything in their power to pervert justice and regulatory legislation that would require simple background checks, bonding, state registration, and basis labor employee rights.

These most simple and basic criteria are not intended to disrupt their for profit feeding frenzy. On the contrary, these moral and lawful criteria are for the security and protection of young adults and homeowners who have continually been exploited, and criminally victimized by the unscrupulous activities of the door-to-door sales industry.

The above mentioned companies all aspire to a code of ethics developed by their trade group the Direct Selling Association.

They consistently and proudly boast that they are above the law and the continued crime and exploitation that has devastated and destroyed hundreds and thousands of young adults, homeowners and families across the country.

But this is simply not true.

On December 21, 2008 four young Amway Sales Agents were killed in a vehicle accident 10 miles west of South Bend Indiana.

And on December 10, 2008 Sandy Vinge, a 75-year-old grandmother living in El Cajon, California was strangled, punched, kicked, bound in duct tape and thrown in the trunk of her own car by three young adults. After 26 hours without food or water, Sandy Vinge made a silent plea to God: Either save me, or let me die. One of the three offenders Jeffrey Edward Nelson worked

for Kirby Vacuum and had sold Sandy Vinge a vacuum cleaner for \$2000.00.

So much for the Direct Selling Associations so called code of ethics.

Kirby is as dangerous and full of crime as the traveling door-to-door magazine sales companies yet remains a member of the Direct Selling Association.

And so you can begin to see why these companies are not interested in protecting Wisconsin kids and homeowners.

Their sole purpose is to turn a profit.

To make money and to thrive over the labor, the sweat, and blood of the innocent and the naive.

Without giving their 'independent contractors' minimum wage, health insurance, dental insurance, workman's compensation, retirement benefits or any other equal rights that all employees deserve they have perverted and denied their workers of all basic human rights.

How extremely regrettable that Southwestern, a company that started its business selling bibles door-to-door as a messenger for God has so blatantly decided to ignore the moral, ethical, and labor issues regarding this legislation. "Malinda's Traveling Sales Crew Protection Act" authored by Wisconsin State Senator Jon Erpenbach is a solid work of legislation that must not be modified or amended. Its primary purpose is to protect Wisconsin homeowners and kids from the continued violence that exists nationwide in the door-to-door sales industry. Its secondary purpose is to give rights to door-to-door sales agents who are currently being treated as indentured servants. Last year Southwestern Company and its trade group the Direct Selling Association were the only organizations in the entire United States that lobbied against this legislation. No other business, state department, or company has ever objected to this bill. One needs to ask why only Southwestern Company would prevail in trying to destroy a piece of legislation that has nothing to do them. The answer from our perspective is more than obvious and it has nothing to do with the safety and well being of Wisconsin kids and homeowners.

As a side note it may be of interest for you to know that Gary Leon Ridgway the Green River Killer worked for Amway. The Green River Killer, is one of the most prolific serial killers in American history.

Which brings us to a report on Amway by G. Robert Blakey.

George Robert Blakey an American attorney and law professor who drafted the "RICO Act," Title IX of the Organized Crime Control Act of 1970 had this to say about Amway:

"It is my opinion that the Amway business is run in a manner that is parallel to that of major organized crime groups, in particular the Mafia. The structure and function of major organized crime groups, generally consisting of associated enterprises engaging in patterns of legal and illegal activity, was the prototype forming the basis for federal and state racketeering legislation that I have been involved in drafting. The same structure and function, with associated enterprises engaging in patterns of legal and illegal activity, is found in the Amway business."

Entire Document Can be located:

<http://www.amquix.info/blakey.html>

We usher in the new year of 2009 with sobering statistics from the previous year of 2008:

Last year we documented 12 more deaths in the door-to-door sales industry:

- 3 deaths by murder
- 5 deaths by vehicular homicides
- 4 deaths by vehicle accident

We have also documented the following crimes in 2008:

- 3 murders
- 2 attempted murders
- 7 Sexual Assaults
- 1 Attempted rape
- 10 Burglaries
- 7 sales fraud cases
- 6 forgeries
- 5 assaults



And currently we have 3 unsolved murders, 3 unsolved rape cases, 2 unsolved attempted murders, 1 unsolved attempted rape 1 unsolved missing person and 1 unsolved John Doe murder case on our wanted page.

In total we have documented over 300 high profile criminal felonies. Most of these are murders, vehicular homicides, rapes, sexual assaults, assaults, and burglaries.

We have also documented 87 known deaths across the country with Wisconsin having the highest death rate. A total of 11 lives have been lost here in Wisconsin.

Since the beginning of 2009 we have documented the following news stories on the travelingsalescrews web site:

February 18, 2009

Woman given jail time for door-to-door burglary  
York News-Times  
York, Nebraska

February 17, 2009

Door-to-Door Magazine Salesmen Arrested  
KXII-TV  
Sherman, Texas

February 14, 2009

Door-to-Door Magazine Sales FRAUD ALERT  
Berkeley, California

February 14, 2009

'The World's Largest Direct Selling Company' is a Fraud.  
by QCI contributing author, David Brear  
Quixtar Cult Intervention

February 13, 2009

Killer of 90-year-old Lafayette woman gets life with no parole  
Contra Costa Times  
MARTINEZ, California

February 13, 2009  
Traveling salesman gets life in prison for murder  
NBC Action New  
Associated Press  
Kansas City, Missouri

February 13, 2009  
Job from Hell  
Trio recalls horror of magazine-selling stint  
SUN CHRONICLE  
Attleboro, Massachusetts

February 13, 2009  
Men arrested in youth sports solicitation scheme  
The Record-Courier  
Gardnerville, Nevada

February 12, 2009  
Lafayette gets tougher on solicitors  
Lamorinda Sun  
Lafayette, California

February 12, 2009  
Amherst County deputies warn of door-to-door home product sales calls  
WSLS 10 TV  
Roanoke, Virginia

February 11, 2009  
Auburn police arrest door-to-door solicitor  
The Sacramento Bee  
Sacramento, California

February 10, 2009  
Men arrested for selling magazines without a permit  
Beaufort Gazette  
Beaufort, South Carolina

February 9, 2009  
Vacuum Company Fights Scam Stigma  
NBC 29  
WVIR-TV  
Charlottesville, Virginia

February 07, 2009  
Lawsuit filed in van crash case  
Clinton Herald  
Clinton, Iowa

February 06, 2009  
Door-to-Door Scam Troubles Central Virginia.  
NBC 29  
WVIR-TV  
Charlottesville, Virginia

February 6, 2009  
Magazine Salesman arrested  
The Gainesville Sun  
Gainesville, Florida

February 5, 2009  
Police warn of unlicensed salesmen  
Bay City News  
The Salinas Californian  
california

February 4, 2009  
Police seek victims of Eastmoreland door-to-door scammers  
The Bee  
Portland, Oregon

February 3, 2009  
New Mexico State University officials warn of magazine scheme  
Sun-News report  
Las Cruces, New Mexico

February 1, 2009  
Avoiding con artistry  
Washington University  
ST. Louis Missouri

January 30, 2009  
Magazine seller cited for marijuana possession  
DailyWildcat  
Arizona

January 29, 2009  
Scammers Posing as Magazine Sales Solicitors  
Chipleigh Bugle  
Chipleigh, Florida

January 29, 2009  
Tak and Pung Yi Murders  
Murder suspect: DA withholding evidence  
KOB.com  
Albuquerque, New Mexico

January 29, 2009  
Scam Artists Impersonating Titan Baseball Players  
Soliciting Door-to-Door in North Orange County  
fullertontitans.cstv.com  
Fullerton, California

January 22, 2009  
Effort returns to regulate sales crews  
WRN.COM  
WISCONSIN RADIO NETWORK

January 20, 2009  
Bulliten:  
Traveling Youth Crews  
National Consumers League  
Washington, DC

January 16, 2009  
Beware of Door Knockers  
Citizens working for a better Costa Mesa  
Costa Mesa, California

January 16, 2009  
Trial Set For Suspect In Couple Slaying  
KOAT-TV 7 ABC  
Albuquerque, New Mexico

January 15, 2009  
My Life as a Magazine Sales Agent  
Sincerely,  
That kid that knocked on your door

January 15, 2009  
Door-to-Door Magazine Sales Burglary  
La Cañada Valley Sun  
La Cañada Flintridge, California

January 14, 2009  
Beware of Magazine Salesmen Coming to your home!  
The Terrell Forum  
Forney, Texas

January 13, 2009  
Quixtar/Amway Scammers and Traveling Sales Crew Desperadoes  
Posted by quixtarisacult

January 12, 2009  
Redlands police warn of door-to-door magazine sales scam  
Redlands Daily Facts  
Redlands, California

January 9, 2009  
Beware magazine sales pitch, as one woman learned to her regret  
The Morning Call  
Pennsylvania

January 8, 2009

Residents must renew No Knock list status in 2009

The Denver Newspaper Agency

Denver Colorado

January 7, 2009

Universal Subscription Agency Former Employee Tells All

AC Associated Content

January 6, 2009

Magazine solicitor admits breaking into girlfriend's hotel room

The Journal News

White Plains, New York

January 5, 2009

Op-ED

Neighborhood door-to-door Felons

sara.dornsife.wordpress.com

January 3, 2009

Door-to-door peddler's deal was illegal from the get-go

Star Tribune

Minneapolis, Minnesota

January 1, 2009

Traveling salesman pleads guilty to rape-murder of 90-year-old woman

San Francisco Chronicle

Lafayette, California

Read current email:

Berlely California resident:

Received on February 15, 2009

“ATTACHED”

A good mans intention has no meaning without positive action.

You have all been elected and sworn to protect the best interests of Wisconsin citizens. It is your duty and responsibility as good men to fulfill and uphold this obligation. It is why you are here today and it is that promise that has given you the power to make better the future of every man woman and child in our state.

It is without doubt your most important responsibility.

To turn a blind eye and ignore this will leave you with blood on your hands, a conscience that cannot be healed, and remorse in your heart that only God can forgive.

The sales pitches and scam artistry are here today in this room. They are trained to lie and cheat and do their very best to sell you and take your money. That is what they do. They are brain washed and programmed with an immoral discipline that's single purpose is to make a sale.

And today, here and now, they are trying to sell you a broken down used car.

They are trying their very best to sell you a corrupt and deceitful industry that feeds on the innocent and naive.

It will ten years this coming March 25 that my daughter Malinda and six other kids were killed in the Janesville Wisconsin van crash. 10 years is far too long to wait for justice and far too long to wait for legislation that could prevent more innocent kids and homeowners from being mutilated by the door-to-door sales industry.

And after 10 long years of hoping and praying that this legislative body would act I am ashamed of myself for not fulfilling my promise to my daughter Malinda when 46 more human beings have been sacrificed to this criminal industry since her death.

Please do not make me and the rest of the thousands of victims and families across this country feel ashamed of you today.

Thank you for your time.

Sincerely,

Phil Ellenbecker  
Director  
The Dedicated Memorial Parents Group  
February 19, 2009

Contacts:  
Dedicated Memorial Parents Group  
Phil Ellenbecker  
704 Mark Drive  
Verona, WI. 53593

Home Phone: 608-845-1711  
Fax: 608-838-8367

Email: [trollpt@charter.net](mailto:trollpt@charter.net)

Websites:

[www.travelingsalescrews.info](http://www.travelingsalescrews.info)

[www.dedicatedmemorial.org](http://www.dedicatedmemorial.org)

For further information on door to door sales crews:

[www.parentwatch.org](http://www.parentwatch.org)

[www.magcrew.com](http://www.magcrew.com)



From: See through yu <seerightthroughyou@hotmail.com>  
Date: Sunday, February 15, 2009 9:24 PM  
To: webmaster@travelingsalescrews.info  
Subject: Paragon Sales, INC.

Hello. I am compiling research about a door to door sales group that has been aggressively marketing, and also threatening, and assaulting people at their homes in Berkeley California.

The group always calls themselves "Paragon" "Paragon Dynasty" Paragon Sales" or "Paragon Management"

The following is a posting I put on craigslist in the general community section.

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This is an open warning to all my friends in Berkeley, from a lifelong resident with family and ties in Berkeley that go back over 5 decades. Please read carefully.

#### DOOR-TO-DOOR SOLICITORS:

There are several groups, headed by one man From Chicago, working Berkeley neighborhoods going door-to-door selling Magazine descriptions, and soliciting donations, on behalf of "Paragon" and other Falsely named, "youth opportunity" "social programs"

Not only are these teens being exploited by a pyramid scheme based company that makes money illegally from the time and energy of young people who never see a profit from their work, but also several of the Youths going door-to-door are already convicted felons, mostly having been previously arrested for break and entering. Several of these youths have threatened senior citizens and children at residences they solicit, and also keep detailed records of anyone, or any house that has ever given them a donation and always return to these addresses for more.

"PARAGON" is part of a statewide crime organization currently in litigation, and known to be responsible for several break and enter crimes, tax evasion, violence against seniors, and also completely exploits the youths that come to your door.

Is it particularly sad because the youths being manipulated by this organization are mostly low-income youths of color from inner cities who are brought to Berkeley in a van, camp out at local low rent hotels and have been abused by "PARAGON" for over a decade

WARNING: giving money to these people will result in your home address being targeted for further crimes, and other groups including crime rings. Burglary outfits will be made aware of the weaknesses in your home's security. A large number of northern California break-in's have coincided with "visits" from "PARAGON"

There are over 21 cases pending, with local and state law enforcement organizations including robbery, assault, rape, burglary and fraud directly involved with this shadowy organization.

"PARAGON" and many other scam outfits are a danger to The Berkeley community, and while they pray on the emotions with their carefully scripted stories of "helping inner city youths go to college and summer camp" they are actually a violent criminal organization, with a Ponzi scheme structure that not only is a danger to the community at large, but also to the the youths they exploit.

Here's how you can tell who they are.

1: they are mostly under 21, of color, and usually seem uncomfortable and unfamiliar with the neighborhoods they work in.

2: they are all issued a standard, fold-out blue paper certificate, in a black leather or vinyl folder with the name "Paragon" attempting to legitimize their criminal enterprise.

3: In north Berkeley several of these youths have physically threatened senior citizens who questioned them or refused to give them money. they are often aggressive.

4: They always come to the houses or addresses that their organization has gotten money from before. these same addresses also are the subject of visits from other shady individuals, and also the victims of robberies and burglaries that tend to coincide with the visits of "PARAGON"

5: They refuse to show ID's, have no non profit identification numbers or information, and all tend to have the same fold-out information certificate.

IF YOU ARE CONFRONTED OR APPROACHED BY ANY DOOR-TO-DOOR SOLICITORS ALWAYS ASK FOR ID'S, PHONE NUMBERS, AND NONPROFIT INFORMATION.

This is crucial!!! you will be protecting your home, your loved ones, and you neighborhood!

Thank you for your time.

Yours truly,

Amil Malika Pendergrass,. North Berkeley Resident.

UPDATE:

Various cells of this violent group can be seen Here: These people are known criminals running a multi-state criminal organization, that employs felons, rapists, and have a network of criminal connections responsible for murder, rape, burglary, fraud, and many other felony crimes. do the research yourself. Here are links with information about this dangerous criminal organization

<http://www.travelingsalescrews.info/door%20to%20door%20sales%20profiles.html>

<http://www.paragonstd.com/warning.htm>

<http://ledger.southofboston.com/articles/2004/07/02/news/news01.txt>

[http://www.myspace.com/paragon\\_dynasty](http://www.myspace.com/paragon_dynasty)

<http://www.paragonstd.com/warning.htm>

<http://www.delver.com/people/paragon-dynasty/33330263/>

[http://www.myspace.com/paragon\\_dynasty](http://www.myspace.com/paragon_dynasty)

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I am doing whatever I can to thwart these crooks. If there is any further information you have about this group in Particular, I'd very much

appreciate you forwarding it to me, so I can include it in my further research, and also in my own community awareness goals.

I want everyone in my town to know all about these people. For me it all started with me being threatened at my door when I asked a an African American girl who claimed to represent "Paragon sales" for some ID, or further proof of "her organizations" non profit status. I am tired of feeling afraid in my own home of these criminals.

Thanks..  
Amil.