



ATTORNEY GENERAL
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ENFORCEMENT ADVISORY TO ARKANSAS RESIDENTIAL ALARM COMPANIES

August 13, 2019 – This advisory is directed to residential alarm companies doing business in Arkansas. The Attorney General's Office is charged with protecting consumers from deceptive, false, and unconscionable business practices. This office has received numerous complaints from consumers who have been subjected to aggressive door-to-door sales practices and contracts that violate the Home Solicitation Sales Act (HSSA)¹ and the Deceptive Trade Practices Act (DTPA)².

Investigation of these complaints has revealed business practices that are designed to mislead and deceive customers. The HSSA requires that salespersons must **clearly and unqualifiedly** disclose at the initial and all subsequent contacts which company they represent and that the purpose is to sell goods or services. Misrepresenting the nature of the contact as a quiz, survey, or model home offer or anything other than a sales contact violates the HSSA. Alarm companies must also provide oral and written notice of the consumer's three-day right to cancel at the time of the sale. Salespersons and written contracts must also **clearly and conspicuously** disclose the total cash price, down payment, unpaid balance, the number, amount, and due dates for payments, and accurately describe the goods and services sold. Contracts that do not comply with the HSSA are unenforceable.

Automatic renewal of professional home security contracts after the initial contract term may only be in successive monthly terms.³ Contracts shall **conspicuously** state that the consumer "has the right without additional cost or penalty to terminate" the contract at the end of the initial term or the then current renewal. Consumers have the right to terminate noncompliant renewal provisions.

Sales conduct or contracts that violate the HSSA or the DTPA may subject alarm companies to civil penalties of up to \$10,000.00 per violation and enhanced penalties for elder and disabled victims. The Attorney General's Office is committed to taking all measures to stop unlawful home alarm solicitations, unenforceable automatic contract renewals, and other unlicensed conduct.

Questions may be directed to the Attorney General's Office at (501) 682-2007.

¹ Ark. Code Ann. § 4-89-101 *et seq.*

² Ark. Code Ann. § 4-88-101 *et seq.*

³ Ark. Code Ann. § 4-86-106(c)(1).

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