



**TO:** Representative Jim Marshall, Chair  
Representative Robert Matzie, Democratic Chair  
Members of the House Consumer Affairs Committee

**FROM:** John Holub, Executive Director

**DATE:** October 4, 2021

**RE:** [\*\*HB 1594\*\*](#) - Amends the Unfair Trade Practices and Consumer Protection Law, providing for disclosure of information by online marketplaces to inform customers.

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On behalf of the member companies of the Pennsylvania Retailers' Association (PRA), we respectfully request your **support for HB 1594**, which amends the Unfair Trade Practices and Consumer Protection Law, providing for disclosure of information by online marketplaces to inform customers. This important piece of legislation, which is of the highest priority for PRA members, addresses an issue that has exploded in recent years.

The sale of stolen and fraudulent goods has become a \$509 billion criminal enterprise according to a report by the Department of Homeland Security. That is because local retail stores in each and every one of your legislative districts have been targeted by professional, and sometimes violent, highly organized criminal enterprises, who are stealing products with relative impunity. These criminals then use the anonymity of online marketplace platforms, such as Amazon, eBay or Etsy, to create the appearance of a legitimate business. They use these accounts to flood marketplaces with counterfeit products and stolen merchandise. The ease of selling illicit goods to unsuspecting consumers has attracted organized criminal networks that are becoming more aggressive and more brazen as a growing number of Americans shop online amid the pandemic.

HB 1594 addresses the ease at which criminal enterprises operate online by simply requiring verification by an online marketplace of a third-party sellers most basic information. It is **basic information every legitimate business can easily provide**. The legislation will also require sellers to disclose contact information to consumers. However, the legislation provides disclosure exemptions to protect the personal information of sellers in the event they do not possess a business address, email or phone number. No business operating out of their home would be required to provide their home address or phone number. This is crafted to protect a legitimate sellers privacy.

It is important to note, the legislation only applies to “high volume” sellers, those who have 200 or more discrete sales that equates to over \$5,000 in a 12-month period of new or unused consumer products. Any person or business selling used clothing or furniture, for example, as well as individuals and hobbyists will not be affected by this legislation.

Unfortunately, online marketplaces have already engaged in a campaign of false and blatantly misleading statements about this legislation. They claim retailers are simply trying to protect

their own business model. However, it is very important to note, the ecommerce sites of trusted brands and retailers do not sell counterfeit or stolen goods. Online marketplaces are the ones who earn commissions and fees every time a stolen or counterfeit item is sold on their platforms, which could explain their hesitation to cooperate with law enforcement and retailers in any meaningful way to solve a problem from which they currently generate immense and growing profits.

Online marketplaces will also claim this legislation is “burdensome” and will “harm legitimate Pennsylvania small businesses and entrepreneurs.” Again, the legislation simply requires high volume sellers to provide 6 basic pieces of information that every legitimate small business has readily available. This is far from burdensome. Also, if anything, this legislation enhances the reputation of legitimate sellers by removing scammers and criminal networks from using the same platform, and it ensures that legitimate small businesses are not forced to unfairly compete against criminals selling knockoffs or stolen goods.

Lastly, online marketplaces will attempt to claim this legislation, “picks winners and losers in the marketplace … and leaves consumers with fewer choices when they shop online.” Without this legislation, the only winners will continue to be criminals and the online marketplaces that profit from the sale of stolen and illicit goods. The losers will continue to be local retailers that organized retail crime rings target to steal large quantities of goods for quick resale online. Greater transparency on online marketplaces will also help protect consumers from purchasing stolen and illicit goods such as expired baby formula, over the counter drugs, health and beauty products, air bags, brakes pads, water filters, N95 masks … and the list goes on and on.

**On behalf of Pennsylvania retailers, our employees, and our customers, we strongly urge you to support HB 1594.** If you have any questions regarding our support of this legislation, please feel free to contact John Holub at [john@paretailers.org](mailto:john@paretailers.org) or (717) 233-7976 (Office) / (609) 213-6866 (Cell).