

HOUSE BILL No. 4195

February 6, 2013, Introduced by Reps. Nathan, Haugh and Ananich and referred to the Committee on Regulatory Reform.

A bill to amend 1976 PA 331, entitled
"Michigan consumer protection act,"
by amending section 3 (MCL 445.903), as amended by 2010 PA 195.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) Unfair, unconscionable, or deceptive methods,
2 acts, or practices in the conduct of trade or commerce are unlawful
3 and are defined as follows:

4 (a) Causing a probability of confusion or misunderstanding as
5 to the source, sponsorship, approval, or certification of goods or
6 services.

7 (b) Using deceptive representations or deceptive designations
8 of geographic origin in connection with goods or services.

9 (c) Representing that goods or services have sponsorship,
10 approval, characteristics, ingredients, uses, benefits, or
11 quantities that they do not have or that a person has sponsorship,
12 approval, status, affiliation, or connection that he or she does

1 not have.

2 (d) Representing that goods are new if they are deteriorated,
3 altered, reconditioned, used, or secondhand.

4 (e) Representing that goods or services are of a particular
5 standard, quality, or grade, or that goods are of a particular
6 style or model, if they are of another.

7 (f) Disparaging the goods, services, business, or reputation
8 of another by false or misleading representation of fact.

9 (g) Advertising or representing goods or services with intent
10 not to dispose of those goods or services as advertised or
11 represented.

12 (h) Advertising goods or services with intent not to supply
13 reasonably expectable public demand, unless the advertisement
14 discloses a limitation of quantity in immediate conjunction with
15 the advertised goods or services.

16 (i) Making false or misleading statements of fact concerning
17 the reasons for, existence of, or amounts of price reductions.

18 (j) Representing that a part, replacement, or repair service
19 is needed when it is not.

20 (k) Representing to a party to whom goods or services are
21 supplied that the goods or services are being supplied in response
22 to a request made by or on behalf of the party, when they are not.

23 (l) Misrepresenting that because of some defect in a consumer's
24 home the health, safety, or lives of the consumer or his or her
25 family are in danger if the product or services are not purchased,
26 when in fact the defect does not exist or the product or services
27 would not remove the danger.

1 (m) Causing a probability of confusion or of misunderstanding
2 with respect to the authority of a salesperson, representative, or
3 agent to negotiate the final terms of a transaction.

4 (n) Causing a probability of confusion or of misunderstanding
5 as to the legal rights, obligations, or remedies of a party to a
6 transaction.

7 (o) Causing a probability of confusion or of misunderstanding
8 as to the terms or conditions of credit if credit is extended in a
9 transaction.

10 (p) Disclaiming or limiting the implied warranty of
11 merchantability and fitness for use, unless a disclaimer is clearly
12 and conspicuously disclosed.

13 (q) Representing or implying that the subject of a consumer
14 transaction will be provided promptly, or at a specified time, or
15 within a reasonable time, if the merchant knows or has reason to
16 know it will not be so provided.

17 (r) Representing that a consumer will receive goods or
18 services "free" or "without charge", or using words of similar
19 import in the representation, without clearly and conspicuously
20 disclosing with equal prominence in immediate conjunction with the
21 use of those words the conditions, terms, or prerequisites to the
22 use or retention of the goods or services advertised.

23 (s) Failing to reveal a material fact, the omission of which
24 tends to mislead or deceive the consumer, and which fact could not
25 reasonably be known by the consumer.

26 (t) Entering into a consumer transaction in which the consumer
27 waives or purports to waive a right, benefit, or immunity provided

1 by law, unless the waiver is clearly stated and the consumer has
2 specifically consented to it.

3 (u) Failing, in a consumer transaction that is rescinded,
4 canceled, or otherwise terminated in accordance with the terms of
5 an agreement, advertisement, representation, or provision of law,
6 to promptly restore to the person or persons entitled to it a
7 deposit, down payment, or other payment, or in the case of property
8 traded in but not available, the greater of the agreed value or the
9 fair market value of the property, or to cancel within a specified
10 time or an otherwise reasonable time an acquired security interest.

11 (v) Taking or arranging for the consumer to sign an
12 acknowledgment, certificate, or other writing affirming acceptance,
13 delivery, compliance with a requirement of law, or other
14 performance, if the merchant knows or has reason to know that the
15 statement is not true.

16 (w) Representing that a consumer will receive a rebate,
17 discount, or other benefit as an inducement for entering into a
18 transaction, if the benefit is contingent on an event to occur
19 subsequent to the consummation of the transaction.

20 (x) Taking advantage of the consumer's inability reasonably to
21 protect his or her interests by reason of disability, illiteracy,
22 or inability to understand the language of an agreement presented
23 by the other party to the transaction who knows or reasonably
24 should know of the consumer's inability.

25 (y) Gross discrepancies between the oral representations of
26 the seller and the written agreement covering the same transaction
27 or failure of the other party to the transaction to provide the

1 promised benefits.

2 (z) Charging the consumer a price that is grossly in excess of
3 the price at which similar property or services are sold.

4 (aa) Causing coercion and duress as the result of the time and
5 nature of a sales presentation.

6 (bb) Making a representation of fact or statement of fact
7 material to the transaction such that a person reasonably believes
8 the represented or suggested state of affairs to be other than it
9 actually is.

10 (cc) Failing to reveal facts that are material to the
11 transaction in light of representations of fact made in a positive
12 manner.

13 (dd) Subject to subdivision (ee), representations by the
14 manufacturer of a product or package that the product or package is
15 1 or more of the following:

16 (i) Except as provided in subparagraph (ii), recycled,
17 recyclable, degradable, or is of a certain recycled content, in
18 violation of guides for the use of environmental marketing claims,
19 16 CFR part 260.

20 (ii) For container holding devices regulated under part 163 of
21 the natural resources and environmental protection act, 1994 PA
22 451, MCL 324.16301 to 324.16303, representations by a manufacturer
23 that the container holding device is degradable contrary to the
24 definition provided in that act.

25 (ee) Representing that a product or package is degradable,
26 biodegradable, or photodegradable unless it can be substantiated by
27 evidence that the product or package will completely decompose into

1 elements found in nature within a reasonably short period of time
2 after consumers use the product and dispose of the product or the
3 package in a landfill or composting facility, as appropriate.

4 (ff) Offering a consumer a prize if in order to claim the
5 prize the consumer is required to submit to a sales presentation,
6 unless a written disclosure is given to the consumer at the time
7 the consumer is notified of the prize and the written disclosure
8 meets all of the following requirements:

9 (i) Is written or printed in a bold type that is not smaller
10 than 10-point.

11 (ii) Fully describes the prize, including its cash value, won
12 by the consumer.

13 (iii) Contains all the terms and conditions for claiming the
14 prize, including a statement that the consumer is required to
15 submit to a sales presentation.

16 (iv) Fully describes the product, real estate, investment,
17 service, membership, or other item that is or will be offered for
18 sale, including the price of the least expensive item and the most
19 expensive item.

20 (gg) Violating 1971 PA 227, MCL 445.111 to 445.117, in
21 connection with a home solicitation sale or telephone solicitation,
22 including, but not limited to, having an independent courier
23 service or other third party pick up a consumer's payment on a home
24 solicitation sale during the period the consumer is entitled to
25 cancel the sale.

26 (hh) Except as provided in subsection (3), requiring a
27 consumer to disclose his or her social security number as a

1 condition to selling or leasing goods or providing a service to the
2 consumer, unless any of the following apply:

3 (i) The selling, leasing, providing, terms of payment, or
4 transaction includes an application for or an extension of credit
5 to the consumer.

6 (ii) The disclosure is required or authorized by applicable
7 state or federal statute, rule, or regulation.

8 (iii) The disclosure is requested by a person to obtain a
9 consumer report for a permissible purpose described in section 604
10 of the fair credit reporting act, 15 USC 1681b.

11 (iv) The disclosure is requested by a landlord, lessor, or
12 property manager to obtain a background check of the individual in
13 conjunction with the rent or leasing of real property.

14 (v) The disclosure is requested from an individual to effect,
15 administer or enforce a specific telephonic or other electronic
16 consumer transaction that is not made in person but is requested or
17 authorized by the individual if it is to be used solely to confirm
18 the identity of the individual through a fraud prevention service
19 database. The consumer good or service shall still be provided to
20 the consumer upon verification of his or her identity if he or she
21 refuses to provide his or her social security number but provides
22 other information or documentation that can be used by the person
23 to verify his or her identity. The person may inform the consumer
24 that verification through other means than use of the social
25 security number may cause a delay in providing the service or good
26 to the consumer.

27 (ii) If a credit card or debit card is used for payment in a

1 consumer transaction, issuing or delivering a receipt to the
2 consumer that displays any part of the expiration date of the card
3 or more than the last 4 digits of the consumer's account number.
4 This subdivision does not apply if the only receipt issued in a
5 consumer transaction is a credit card or debit card receipt on
6 which the account number or expiration date is handwritten,
7 mechanically imprinted, or photocopied. This subdivision applies to
8 any consumer transaction that occurs on or after March 1, 2005,
9 except that if a credit or debit card receipt is printed in a
10 consumer transaction by an electronic device, this subdivision
11 applies to any consumer transaction that occurs using that device
12 only after 1 of the following dates, as applicable:

13 (i) If the electronic device is placed in service after March
14 1, 2005, July 1, 2005 or the date the device is placed in service,
15 whichever is later.

16 (ii) If the electronic device is in service on or before March
17 1, 2005, July 1, 2006.

18 (jj) Violating section 11 of the identity theft protection
19 act, 2004 PA 452, MCL 445.71.

20 (kk) Advertising or conducting a live musical performance or
21 production in this state through the use of a false, deceptive, or
22 misleading affiliation, connection, or association between a
23 performing group and a recording group. This subdivision does not
24 apply if any of the following are met:

25 (i) The performing group is the authorized registrant and owner
26 of a federal service mark for that group registered in the United
27 States patent and trademark office.

(ii) At least 1 member of the performing group was a member of the recording group and has a legal right to use the recording group's name, by virtue of use or operation under the recording group's name without having abandoned the name or affiliation with the recording group.

(iii) The live musical performance or production is identified in all advertising and promotion as a salute or tribute and the name of the vocal or instrumental group performing is not so closely related or similar to that used by the recording group that it would tend to confuse or mislead the public.

(iv) The advertising does not relate to a live musical performance or production taking place in this state.

(v) The performance or production is expressly authorized by the recording group.

(II) SELLING GASOLINE TO A CONSUMER WHO USES A CREDIT CARD TO PURCHASE THE GASOLINE AT A PRICE THAT IS HIGHER THAN THE PRICE POSTED FOR THAT GASOLINE ON THE PREMISES OR DISPLAYED ON THE FUEL PUMP, OR COLLECTING AN ADDITIONAL FEE OR CHARGE FROM A CONSUMER WHO USES A CREDIT CARD TO PURCHASE GASOLINE.

(MM) ~~(II)~~—Violating section 3e, 3f, 3g, 3h, or 3i.

(2) The attorney general may promulgate rules to implement this act under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The rules shall not create an additional unfair trade practice not already enumerated by this section. However, to assure national uniformity, rules shall not be promulgated to implement subsection (1)(dd) or (ee).

(3) Subsection (1)(hh) does not apply to either of the

1 following:

2 (a) Providing a service related to the administration of
3 health-related or dental-related benefits or services to patients,
4 including provider contracting or credentialing. This subdivision
5 is intended to limit the application of subsection (1)(hh) and is
6 not intended to imply that this act would otherwise apply to
7 health-related or dental-related benefits.

8 (b) An employer providing benefits or services to an employee.