

# SENATE BILL No. 1020

August 13, 2014, Introduced by Senators WHITMER and BIEDA and referred to the Committee on Regulatory Reform.

A bill to amend 1976 PA 331, entitled  
"Michigan consumer protection act,"  
by amending sections 2 and 3 (MCL 445.902 and 445.903), section 2  
as amended by 2006 PA 508 and section 3 as amended by 2010 PA 195.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2. (1) As used in this act:

(a) Subject to subsection (2), "business opportunity" means  
the sale or lease of any products, equipment, supplies, or services  
for the purpose of enabling the purchaser to start a business, and  
in which the seller represents 1 or more of the following:

(i) That the seller will provide locations or assist the  
purchaser in finding locations for the use or operation of vending  
machines, racks, display cases, or other similar devices, or  
currency operated amusement machines or devices, on premises

1 neither owned nor leased by the purchaser or seller.

2 (ii) That the seller may, in the ordinary course of business,  
3 purchase any or all products made, produced, fabricated, grown,  
4 bred, or modified by the purchaser using whole or in part the  
5 supplies, services, or chattels sold to the purchaser.

6 (iii) The seller guarantees that the purchaser will derive  
7 income from the business opportunity that exceeds the price paid  
8 for the business opportunity; or that the seller will refund all or  
9 part of the price paid for the business opportunity, or repurchase  
10 any of the products, equipment, supplies, or chattels supplied by  
11 the seller, if the purchaser is unsatisfied with the business  
12 opportunity. As used in this subparagraph, "guarantee" means a  
13 written or oral representation that would cause a reasonable person  
14 in the purchaser's position to believe that income is assured.

15 (iv) That the seller will provide a sales program or marketing  
16 program which will enable the purchaser to derive income from the  
17 business opportunity that exceeds the price paid for the business  
18 opportunity. This subparagraph does not apply to the sale of a  
19 marketing program made in conjunction with the licensing of a  
20 federally registered trademark or a federally registered service  
21 mark, or to the sale of a business opportunity for which the  
22 purchaser pays less than \$500.00 in total for the business  
23 opportunity from anytime before the date of sale to anytime within  
24 6 months after the date of sale.

25 (b) "Documentary material" includes the original or copy of a  
26 book, record, report, memorandum, paper, communication, tabulation,  
27 map, chart, photograph, mechanical transcription, or other tangible

document or recording, wherever situated.

**(C) "GOODS" INCLUDES A LEGAL PHARMACEUTICAL PRODUCT.**

**(D)** ~~(e)~~—"Performing group" means a vocal or instrumental group seeking to use the name of another group that has previously released a commercial sound recording under that name.

**(E)** ~~(d)~~—"Person" means ~~a natural person,~~ **AN INDIVIDUAL,** corporation, limited liability company, trust, partnership, incorporated or unincorporated association, or other legal entity.

**(F)** ~~(e)~~—"Recording group" means a vocal or instrumental group that meets both of the following:

(i) At least 1 of the members of the group has previously released a commercial sound recording under the group's name.

(ii) At least 1 of the members of the group has a legal right to use the group's name, by virtue of use or operation under the group's name without abandoning the name of or affiliation with the group.

**(G)** ~~(f)~~—"Sound recording" means a work that results from the fixation on a material object of a series of musical, spoken, or other sounds regardless of the nature of the material object, such as a disk, tape, or other phono-record, in which the sounds are embodied.

**(H)** ~~(g)~~—"Trade or commerce" means the conduct of a business providing goods, property, or service primarily for personal, family, or household purposes and includes the advertising, solicitation, offering for sale or rent, sale, lease, or distribution of a service or property, tangible or intangible, real, personal, or mixed, or any other article, or a business

1 opportunity. "Trade or commerce" does not include the purchase or  
2 sale of a franchise, but does include pyramid and chain promotions,  
3 as "franchise", "pyramid", and "chain promotions" are defined in  
4 the franchise investment law, 1974 PA 269, MCL 445.1501 to  
5 445.1546.

6 (2) As used in this act, "business opportunity" does not  
7 include a sale of a franchise as defined in section 2 of the  
8 franchise investment law, 1974 PA 269, MCL 445.1502, or the sale of  
9 an ongoing business if the owner of the business sells and intends  
10 to sell only that single business opportunity.

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

14 (a) Causing a probability of confusion or misunderstanding as  
15 to the source, sponsorship, approval, or certification of goods or  
16 services.

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

19 (c) Representing that goods or services have sponsorship,  
20 approval, characteristics, ingredients, uses, benefits, or  
21 quantities that they do not have or that a person has sponsorship,  
22 approval, status, affiliation, or connection that he or she does  
23 not have.

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

26 (e) Representing that goods or services are of a particular  
27 standard, quality, or grade, or that goods are of a particular

1 style or model, if they are of another.

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

4 (g) Advertising or representing goods or services with intent  
5 not to dispose of those goods or services as advertised or  
6 represented.

7 (h) Advertising goods or services with intent not to supply  
8 reasonably expectable public demand, unless the advertisement  
9 discloses a limitation of quantity in immediate conjunction with  
10 the advertised goods or services.

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

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

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

18 (l) Misrepresenting that because of some defect in a consumer's  
19 home the health, safety, or lives of the consumer or his or her  
20 family are in danger if the product or services are not purchased,  
21 when in fact the defect does not exist or the product or services  
22 would not remove the danger.

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

26 (n) Causing a probability of confusion or of misunderstanding  
27 as to the legal rights, obligations, or remedies of a party to a

1 transaction.

2 (o) Causing a probability of confusion or of misunderstanding  
3 as to the terms or conditions of credit if credit is extended in a  
4 transaction.

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

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

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

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

21 (t) Entering into a consumer transaction in which the consumer  
22 waives or purports to waive a right, benefit, or immunity provided  
23 by law, unless the waiver is clearly stated and the consumer has  
24 specifically consented to it.

25 (u) Failing, in a consumer transaction that is rescinded,  
26 canceled, or otherwise terminated in accordance with the terms of  
27 an agreement, advertisement, representation, or provision of law,

1 to promptly restore to the person or persons entitled to it a  
2 deposit, down payment, or other payment, or in the case of property  
3 traded in but not available, the greater of the agreed value or the  
4 fair market value of the property, or to cancel within a specified  
5 time or an otherwise reasonable time an acquired security interest.

6 (v) Taking or arranging for the consumer to sign an  
7 acknowledgment, certificate, or other writing affirming acceptance,  
8 delivery, compliance with a requirement of law, or other  
9 performance, if the merchant knows or has reason to know that the  
10 statement is not true.

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

15 (x) Taking advantage of the consumer's inability reasonably to  
16 protect his or her interests by reason of disability, illiteracy,  
17 or inability to understand the language of an agreement presented  
18 by the other party to the transaction who knows or reasonably  
19 should know of the consumer's inability.

20 (y) Gross discrepancies between the oral representations of  
21 the seller and the written agreement covering the same transaction  
22 or failure of the other party to the transaction to provide the  
23 promised benefits.

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

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

1 (bb) Making a representation of fact or statement of fact  
2 material to the transaction such that a person reasonably believes  
3 the represented or suggested state of affairs to be other than it  
4 actually is.

5 (cc) Failing to reveal facts that are material to the  
6 transaction in light of representations of fact made in a positive  
7 manner.

8 (dd) Subject to subdivision (ee), representations by the  
9 manufacturer of a product or package that the product or package is  
10 1 or more of the following:

11 (i) Except as provided in subparagraph (ii), recycled,  
12 recyclable, degradable, or is of a certain recycled content, in  
13 violation of guides for the use of environmental marketing claims,  
14 16 CFR part 260.

15 (ii) For container holding devices regulated under part 163 of  
16 the natural resources and environmental protection act, 1994 PA  
17 451, MCL 324.16301 to 324.16303, representations by a manufacturer  
18 that the container holding device is degradable contrary to the  
19 definition provided in that act.

20 (ee) Representing that a product or package is degradable,  
21 biodegradable, or photodegradable unless it can be substantiated by  
22 evidence that the product or package will completely decompose into  
23 elements found in nature within a reasonably short period of time  
24 after consumers use the product and dispose of the product or the  
25 package in a landfill or composting facility, as appropriate.

26 (ff) Offering a consumer a prize if in order to claim the  
27 prize the consumer is required to submit to a sales presentation,



1 unless a written disclosure is given to the consumer at the time  
2 the consumer is notified of the prize and the written disclosure  
3 meets all of the following requirements:

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

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

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

11 (iv) Fully describes the product, real estate, investment,  
12 service, membership, or other item that is or will be offered for  
13 sale, including the price of the least expensive item and the most  
14 expensive item.

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

21 (hh) Except as provided in subsection (3), requiring a  
22 consumer to disclose his or her social security number as a  
23 condition to selling or leasing goods or providing a service to the  
24 consumer, unless any of the following apply:

25 (i) The selling, leasing, providing, terms of payment, or  
26 transaction includes an application for or an extension of credit  
27 to the consumer.

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

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

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

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

22           (ii) If a credit card or debit card is used for payment in a  
23 consumer transaction, issuing or delivering a receipt to the  
24 consumer that displays any part of the expiration date of the card  
25 or more than the last 4 digits of the consumer's account number.  
26 This subdivision does not apply if the only receipt issued in a  
27 consumer transaction is a credit card or debit card receipt on

1 which the account number or expiration date is handwritten,  
2 mechanically imprinted, or photocopied. This subdivision applies to  
3 any consumer transaction that occurs on or after March 1, 2005,  
4 except that if a credit or debit card receipt is printed in a  
5 consumer transaction by an electronic device, this subdivision  
6 applies to any consumer transaction that occurs using that device  
7 only after 1 of the following dates, as applicable:

8 (i) If the electronic device is placed in service after March  
9 1, 2005, July 1, 2005 or the date the device is placed in service,  
10 whichever is later.

11 (ii) If the electronic device is in service on or before March  
12 1, 2005, July 1, 2006.

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

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

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

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

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

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

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

10           **(II) FAILURE, ON THE PART OF A MANUFACTURER OR PRODUCER, TO**  
11 **ACCURATELY REPRESENT THE RISKS INVOLVED IN THE INTENDED USE OF A**  
12 **PRESCRIPTION OR OVER-THE-COUNTER DRUG OR MEDICATION OR AN HERBAL**  
13 **PRODUCT, DIETARY SUPPLEMENT, OR BOTANICAL EXTRACT.**

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

15           (2) The attorney general may promulgate rules to implement  
16 this act under the administrative procedures act of 1969, 1969 PA  
17 306, MCL 24.201 to 24.328. The rules shall not create an additional  
18 unfair trade practice not already enumerated by this section.  
19 However, to assure national uniformity, rules shall not be  
20 promulgated to implement subsection (1)(dd) or (ee).

21           (3) Subsection (1)(hh) does not apply to either of the  
22 following:

23           (a) Providing a service related to the administration of  
24 health-related or dental-related benefits or services to patients,  
25 including provider contracting or credentialing. This subdivision  
26 is intended to limit the application of subsection (1)(hh) and is  
27 not intended to imply that this act would otherwise apply to

1 health-related or dental-related benefits.

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