

SUBSTITUTE FOR
HOUSE BILL NO. 6436

A bill to amend 1976 PA 331, entitled
"Michigan consumer protection act,"
by amending section 3 (MCL 445.903), as amended by 2004 PA 462.

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

1 quantities that they do not have or that a person has sponsorship,
2 approval, status, affiliation, or connection that he or she does
3 not have.

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

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

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

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

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

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

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

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

25 (l) Misrepresenting that because of some defect in a consumer's
26 home the health, safety, or lives of the consumer or his or her
27 family are in danger if the product or services are not purchased,

1 when in fact the defect does not exist or the product or services
2 would not remove the danger.

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

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

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

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

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

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

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

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

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

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

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

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

27 (y) Gross discrepancies between the oral representations of

1 the seller and the written agreement covering the same transaction
2 or failure of the other party to the transaction to provide the
3 promised benefits.

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

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

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

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

15 (dd) Subject to subdivision (ee), representations by the
16 manufacturer of a product or package that the product or package is
17 1 or more of the following:

18 (i) Except as provided in subparagraph (ii), recycled,
19 recyclable, degradable, or is of a certain recycled content, in
20 violation of guides for the use of environmental marketing claims,
21 16 CFR part 260.

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

27 (ee) Representing that a product or package is degradable,

1 biodegradable, or photodegradable unless it can be substantiated by
2 evidence that the product or package will completely decompose into
3 elements found in nature within a reasonably short period of time
4 after consumers use the product and dispose of the product or the
5 package in a landfill or composting facility, as appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

1 to the consumer.

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

15 (i) If the electronic device is placed in service after March
16 1, 2005, July 1, 2005 or the date the device is placed in service,
17 whichever is later.

18 (ii) If the electronic device is in service on or before March
19 1, 2005, July 1, 2006.

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

22 (KK) SUBJECT TO SUBSECTION (4), COMMITTING RESIDENTIAL
23 MORTGAGE FRAUD. AS USED IN THIS SUBDIVISION:

24 (i) "MORTGAGE LENDING PROCESS" MEANS THAT TERM AS DEFINED IN
25 SECTION 219D OF THE MICHIGAN PENAL CODE, 1931 PA 328, MCL 750.219D.

26 (ii) "RESIDENTIAL MORTGAGE FRAUD" MEANS ANY OF THE FOLLOWING:

27 (A) WITH THE INTENT TO DEFRAUD, MAKING A DELIBERATE MATERIAL

1 MISSTATEMENT, MISREPRESENTATION, OR OMISSION DURING THE MORTGAGE
2 LENDING PROCESS.

3 (B) WITH THE INTENT TO DEFRAUD, USING OR FACILITATING THE USE
4 OF ANY DELIBERATE MATERIAL MISSTATEMENT, MISREPRESENTATION, OR
5 OMISSION, KNOWING THAT IT CONTAINS A MATERIAL MISSTATEMENT,
6 MISREPRESENTATION, OR OMISSION, DURING THE MORTGAGE LENDING
7 PROCESS.

8 (C) WITH THE INTENT TO DEFRAUD, RECEIVING ANY PROCEEDS OR ANY
9 OTHER MONEY IN CONNECTION WITH A RESIDENTIAL MORTGAGE CLOSING THAT
10 THE PERSON RECEIVING THE PROCEEDS OR OTHER MONEY KNEW RESULTED FROM
11 AN ACT DESCRIBED IN SUB-SUBPARAGRAPH (A) OR (B).

12 (iii) "RESIDENTIAL MORTGAGE LOAN" MEANS THAT TERM AS DEFINED IN
13 SECTION 219D OF THE MICHIGAN PENAL CODE, 1931 PA 328, MCL 750.219D.

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

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

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

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

2 (4) SUBSECTION (1)(KK) SHALL NOT BE CONSTRUED TO CREATE
3 ADDITIONAL DISCLOSURE REQUIREMENTS BEYOND THOSE OTHERWISE REQUIRED
4 BY LAW.

5 Enacting section 1. This amendatory act does not take effect
6 unless House Bill No. 6432 of the 93rd Legislature is enacted into
7 law.