

# HOUSE BILL No. 4344

February 17, 2005, Introduced by Reps. Leland, Tobocman, Gonzales, Farrah, McConico, Murphy and Hunter and referred to the Committee on Banking and Financial Services.

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,

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

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

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

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

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

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

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

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

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

26 (l) Misrepresenting that because of some defect in a consumer's  
27 home the health, safety, or lives of the consumer or his or her

1 family are in danger if the product or services are not purchased,  
2 when in fact the defect does not exist or the product or services  
3 would not remove the danger.

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

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

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

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

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

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

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

1 reasonably be known by the consumer.

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

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

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

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

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

1           (y) Gross discrepancies between the oral representations of  
2 the seller and the written agreement covering the same transaction  
3 or failure of the other party to the transaction to provide the  
4 promised benefits.

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

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

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

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

16           (dd) Subject to subdivision (ee), representations by the  
17 manufacturer of a product or package that the product or package is  
18 1 or more of the following:

19           (i) Except as provided in subparagraph (ii), recycled,  
20 recyclable, degradable, or is of a certain recycled content, in  
21 violation of guides for the use of environmental marketing claims,  
22 16 CFR part 260.

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

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

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

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

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

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

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

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

1 cancel the sale.

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

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

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

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

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

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

1 security number may cause a delay in providing the service or good  
2 to the consumer.

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

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

19 (ii) If the electronic device is in service on or before March  
20 1, 2005, July 1, 2006.

21 (jj) Violating section 11 of the identity theft protection  
22 act.

23 **(KK) VIOLATING THE HOME LOAN PROTECTION ACT, 2002 PA 660, MCL**  
24 **445.1631 TO 445.1645.**

25 (2) The attorney general may promulgate rules to implement  
26 this act under the administrative procedures act of 1969, 1969 PA  
27 306, MCL 24.201 to 24.328. The rules shall not create an additional



1 unfair trade practice not already enumerated by this section.  
2 However, to assure national uniformity, rules shall not be  
3 promulgated to implement subsection (1)(dd) or (ee).

4 (3) Subsection (1)(hh) does not apply to either of the  
5 following:

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

12 (b) An employer providing benefits or services to an employee.  
13 Enacting section 1. This amendatory act does not take effect  
14 unless Senate Bill No.\_\_\_\_ or House Bill No. 4343(request no.  
15 01449'05) of the 93rd Legislature is enacted into law.