

SENATE BILL NO. 99—SENATOR HARDY

PREFILED JANUARY 25, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Makes various changes concerning consumer protection. (BDR 52-127)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to consumer protection; requiring certain grant writing services to register with the Director of the Department of Business and Industry; requiring the Director to publish a list of registered grant writing services on an Internet website maintained by the Director; requiring a grant writing service to provide certain statements to a buyer before the execution of a contract for grant writing services; prescribing certain mandatory terms of a contract for grant writing services; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Sections 2-23** of this bill create provisions governing grant writing services in
2 this State and vest the Director of the Department of Business and Industry with
3 authority to enforce these provisions. **Section 7** defines "grant writing service."
4 **Section 9** requires certain grant writing services to register with the Director, but
5 exempts from the provisions of **sections 2-23** certain grant writing services that
6 offer services relating to affordable housing and community development projects.
7 **Section 9** also requires the Director to publish a list of registered grant writing
8 services on an Internet website maintained by the Director.
9 **Section 13** prohibits a grant writing service from engaging in certain activities.
10 **Section 16** establishes certain requirements for a contract for grant writing services.
11 **Section 22** authorizes the Director to take certain actions if a person violates the
12 provisions of **sections 2-23** and provides that such a violation is a deceptive trade
13 practice. **Section 23** requires the Director to adopt regulations to carry out the
14 provisions of **sections 2-23**.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 598 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 23, inclusive, of this act.

Sec. 2. *As used in sections 2 to 23, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Buyer” means a natural person who is solicited to purchase or who purchases the services of a grant writing service.*

Sec. 3.5. *“Director” means the Director of the Department of Business and Industry.*

Sec. 4. (Deleted by amendment.)

Sec. 5. (Deleted by amendment.)

Sec. 6. *“Grant” means any money given by a governmental entity or any other person or organization to finance a specific or general purpose.*

Sec. 7. *“Grant writing service” means a person who, with respect to obtaining any grant or other payment, loan or money, advertises, sells, provides or performs, or represents that he or she can or will sell, provide or perform, any of the following services in return for the payment of money or other valuable consideration:*

1. Writing an application for a grant for a buyer.

2. Obtaining a grant for a buyer.

3. Providing advice or assistance to a buyer in obtaining a grant.

Sec. 8. (Deleted by amendment.)

Sec. 9. 1. *Except as otherwise provided in subsection 3, each grant writing service regulated by the provisions of sections 2 to 23, inclusive, of this act shall apply for registration on the form prescribed by the Director. Upon approval of an application submitted pursuant to this subsection, the Director shall issue a certificate of registration to the grant writing service.*

2. The Director shall publish on an Internet website maintained by the Director a complete list of all grant writing services which are registered pursuant to this section.

3. The provisions of sections 2 to 23, inclusive, of this act do not apply to a grant writing service which provides services relating to an affordable housing and community development project which is financed, in whole or in part, by tax credits for low-income housing, private activity bonds or money provided by a private entity, government, governmental agency or political



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1 *subdivision of a government, including, without limitation, any*
2 *money provided pursuant to 12 U.S.C. § 1701q, 26 U.S.C. § 42, 42*
3 *U.S.C. § 8013 or 42 U.S.C. §§ 12701 et seq.*

4 **Sec. 10.** (Deleted by amendment.)

5 **Sec. 11.** (Deleted by amendment.)

6 **Sec. 12.** (Deleted by amendment.)

7 **Sec. 13.** *A grant writing service shall not:*

8 *1. Charge or receive any money or other valuable*
9 *consideration solely for referral of a buyer to a governmental*
10 *entity or other person or organization which provides grants.*

11 *2. Make a false or misleading representation in the offer or*
12 *sale of the services of the grant writing service.*

13 *3. Hire or obtain the services of a seller, as that term is*
14 *defined in NRS 599B.010, who does not comply with the*
15 *provisions of chapter 599B of NRS.*

16 *4. Advertise his or her services or conduct business in this*
17 *State unless the grant writing service is registered pursuant to*
18 *section 9 of this act.*

19 *5. Execute a contract with a buyer or receive any money or*
20 *other valuable consideration from a buyer before the grant writing*
21 *service provides to the buyer:*

22 *(a) A written statement which must be printed in at least*
23 *10-point bold type and which must include, without limitation:*

24 *(1) A detailed description of the services to be performed by*
25 *the grant writing service for the buyer and the total amount the*
26 *buyer is obligated to pay for those services;*

27 *(2) The physical address of the grant writing service and*
28 *the non-toll free telephone number of the grant writing service;*

29 *(3) A statement that the grant writing service is registered*
30 *pursuant to section 9 of this act; and*

31 *(4) Any other information required by the Director; and*

32 *(b) A copy of the certificate of registration issued to the grant*
33 *writing service pursuant to section 9 of this act.*

34 **Sec. 14.** (Deleted by amendment.)

35 **Sec. 15.** (Deleted by amendment.)

36 **Sec. 16.** *A contract between a buyer and a grant writing*
37 *service for the purchase of the services of the grant writing*
38 *service:*

39 *1. Must be in writing.*

40 *2. Must be signed by the buyer.*

41 *3. Must be dated.*

42 *4. Must clearly indicate above the signature line that the*
43 *buyer may cancel the contract within 5 days after execution of the*
44 *contract by giving written notice to the grant writing service of his*
45 *or her intent to cancel the contract. If the notice is mailed, the*



1 *notice must be postmarked not later than 5 days after the*
2 *execution of the contract.*

3 **Sec. 17.** (Deleted by amendment.)

4 **Sec. 18.** (Deleted by amendment.)

5 **Sec. 19.** (Deleted by amendment.)

6 **Sec. 20.** (Deleted by amendment.)

7 **Sec. 21.** (Deleted by amendment.)

8 **Sec. 22.** *1. In addition to any other procedures or remedies*
9 *for any violation or conduct provided for in any other law, if the*
10 *Director determines that a person has violated any provision of*
11 *sections 2 to 23, inclusive, of this act, the Director may:*

12 *(a) Issue an order to the person to cease and desist from*
13 *engaging in the practice or activity constituting the violation;*

14 *(b) Order the person to pay the costs of any investigation of the*
15 *violation incurred by the Director;*

16 *(c) Order the person to provide restitution for any money or*
17 *property improperly received or obtained by the person as a result*
18 *of the violation; and*

19 *(d) Impose a civil penalty in an amount not to exceed \$10,000*
20 *for each violation.*

21 *2. Any violation of sections 2 to 23, inclusive, of this act*
22 *constitutes a deceptive trade practice for the purposes of NRS*
23 *598.0903 to 598.0999, inclusive.*

24 **Sec. 23.** *The Director shall adopt such regulations as are*
25 *necessary to carry out the provisions of sections 2 to 23, inclusive,*
26 *of this act.*

27 **Sec. 24.** NRS 599B.010 is hereby amended to read as follows:

28 599B.010 As used in this chapter, unless the context otherwise
29 requires:

30 1. "Chance promotion" means any plan in which premiums are
31 distributed by random or chance selection.

32 2. "Commissioner" means the Commissioner of Consumer
33 Affairs.

34 3. "Consumer" means a person who is solicited by a seller or
35 salesperson.

36 4. "Division" means the Consumer Affairs Division of the
37 Department of Business and Industry.

38 5. "Donation" means a promise, grant or pledge of money,
39 credit, property, financial assistance or other thing of value given in
40 response to a solicitation by telephone, including, but not limited to,
41 a payment or promise to pay in consideration for a performance,
42 event or sale of goods or services. The term does not include
43 volunteer services, government grants or contracts or a payment by
44 members of any organization of membership fees, dues, fines or



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1 assessments or for services rendered by the organization to those
2 persons, if:

3 (a) The fees, dues, fines, assessments or services confer a bona
4 fide right, privilege, professional standing, honor or other direct
5 benefit upon the member; and

6 (b) Membership in the organization is not conferred solely in
7 consideration for making a donation in response to a solicitation.

8 6. "Goods or services" means any property, tangible or
9 intangible, real, personal or mixed, and any other article, commodity
10 or thing of value.

11 7. "Premium" includes any prize, bonus, award, gift or any
12 other similar inducement or incentive to purchase.

13 8. "Recovery service" means a business or other practice
14 whereby a person represents or implies that he or she will, for a fee,
15 recover any amount of money that a consumer has provided to a
16 seller or salesperson pursuant to a solicitation governed by the
17 provisions of this chapter.

18 9. "Salesperson" means any person:

19 (a) Employed or authorized by a seller to sell, or to attempt to
20 sell, goods or services by telephone;

21 (b) Retained by a seller to provide consulting services relating to
22 the management or operation of the seller's business; or

23 (c) Who communicates on behalf of a seller with a consumer:

24 (1) In the course of a solicitation by telephone; or

25 (2) For the purpose of verifying, changing or confirming an
26 order,

27 ➡ except that a person is not a salesperson if his or her only
28 function is to identify a consumer by name only and he or she
29 immediately refers the consumer to a salesperson.

30 10. Except as otherwise provided in subsection 11, "seller"
31 means any person who, on his or her own behalf, causes or attempts
32 to cause a solicitation by telephone to be made through the use of
33 one or more salespersons or any automated dialing announcing
34 device under any of the following circumstances:

35 (a) The person initiates contact by telephone with a consumer
36 and represents or implies:

37 (1) That a consumer who buys one or more goods or services
38 will receive additional goods or services, whether or not of the same
39 type as purchased, without further cost, except for actual postage or
40 common carrier charges;

41 (2) That a consumer will or has a chance or opportunity to
42 receive a premium;

43 (3) That the items for sale are gold, silver or other precious
44 metals, diamonds, rubies, sapphires or other precious stones, or any



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1 interest in oil, gas or mineral fields, wells or exploration sites or any
2 other investment opportunity;

3 (4) That the product offered for sale is information or
4 opinions relating to sporting events;

5 (5) *That the product offered for sale is the services of a*
6 *grant writing service, as that term is defined in section 7 of this*
7 *act;*

8 (6) That the product offered for sale is the services of a
9 recovery service; or

10 ~~[(6)]~~ (7) That the consumer will receive a premium or goods
11 or services if he or she makes a donation;

12 (b) The solicitation by telephone is made by the person in
13 response to inquiries from a consumer generated by a notification or
14 communication sent or delivered to the consumer that represents or
15 implies:

16 (1) That the consumer has been in any manner specially
17 selected to receive the notification or communication or the offer
18 contained in the notification or communication;

19 (2) That the consumer will receive a premium if the recipient
20 calls the person;

21 (3) That if the consumer buys one or more goods or services
22 from the person, the consumer will also receive additional or other
23 goods or services, whether or not the same type as purchased,
24 without further cost or at a cost that the person represents or implies
25 is less than the regular price of the goods or services;

26 (4) That the product offered for sale is the services of a
27 recovery service; or

28 (5) That the consumer will receive a premium or goods or
29 services if he or she makes a donation; or

30 (c) The solicitation by telephone is made by the person in
31 response to inquiries generated by advertisements that represent or
32 imply that the person is offering to sell any:

33 (1) Gold, silver or other metals, including coins, diamonds,
34 rubies, sapphires or other stones, coal or other minerals or any
35 interest in oil, gas or other mineral fields, wells or exploration sites,
36 or any other investment opportunity;

37 (2) Information or opinions relating to sporting events; or

38 (3) Services of a recovery service.

39 11. "Seller" does not include:

40 (a) A person licensed pursuant to chapter 90 of NRS when
41 soliciting offers, sales or purchases within the scope of his or her
42 license.

43 (b) A person licensed pursuant to chapter 119A, 119B, 624, 645
44 or 696A of NRS when soliciting sales within the scope of his or her
45 license.



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(c) A person licensed as an insurance broker, agent or solicitor when soliciting sales within the scope of his or her license.

(d) Any solicitation of sales made by the publisher of a newspaper or magazine or by an agent of the publisher pursuant to a written agreement between the agent and publisher.

(e) A broadcaster soliciting sales who is licensed by any state or federal authority, if the solicitation is within the scope of the broadcaster's license.

(f) A person who solicits a donation from a consumer when:

(1) The person represents or implies that the consumer will receive a premium or goods or services with an aggregated fair market value of 2 percent of the donation or \$50, whichever is less; or

(2) The consumer provides a donation of \$50 or less in response to the solicitation.

(g) A charitable organization which is registered or approved to conduct a lottery pursuant to chapter 462 of NRS.

(h) A public utility or motor carrier which is regulated pursuant to chapter 704 or 706 of NRS, or by an affiliate of such a utility or motor carrier, if the solicitation is within the scope of its certificate or license.

(i) A utility which is regulated pursuant to chapter 710 of NRS, or by an affiliate of such a utility.

(j) A person soliciting the sale of books, recordings, videocassettes, software for computer systems or similar items through:

(1) An organization whose method of sales is governed by the provisions of Part 425 of Title 16 of the Code of Federal Regulations relating to the use of negative option plans by sellers in commerce;

(2) The use of continuity plans, subscription arrangements, arrangements for standing orders, supplements, and series arrangements pursuant to which the person periodically ships merchandise to a consumer who has consented in advance to receive the merchandise on a periodic basis and has the opportunity to review the merchandise for at least 10 days and return it for a full refund within 30 days after it is received; or

(3) An arrangement pursuant to which the person ships merchandise to a consumer who has consented in advance to receive the merchandise and has the opportunity to review the merchandise for at least 10 days and return it for a full refund within 30 days after it is received.

(k) A person who solicits sales by periodically publishing and delivering a catalog to consumers if the catalog:



(1) Contains a written description or illustration of each item offered for sale and the price of each item;

(2) Includes the business address of the person;

(3) Includes at least 24 pages of written material and illustrations;

(4) Is distributed in more than one state; and

(5) Has an annual circulation by mailing of not less than 250,000.

(l) A person soliciting without the intent to complete and who does not complete, the sales transaction by telephone but completes the sales transaction at a later face-to-face meeting between the solicitor and the consumer, if the person, after soliciting a sale by telephone, does not cause another person to collect the payment from or deliver any goods or services purchased to the consumer.

(m) Any commercial bank, bank holding company, subsidiary or affiliate of a bank holding company, trust company, savings and loan association, credit union, industrial loan company, personal property broker, consumer finance lender, commercial finance lender, or insurer subject to regulation by an official or agency of this State or of the United States, if the solicitation is within the scope of the certificate or license held by the entity.

(n) A person holding a certificate of authority issued pursuant to chapter 452 of NRS when soliciting sales within the scope of the certificate.

(o) A person licensed pursuant to chapter 689 of NRS when soliciting sales within the scope of his or her license.

(p) A person soliciting the sale of services provided by a video service provider subject to regulation pursuant to chapter 711 of NRS.

(q) A person soliciting the sale of agricultural products, if the solicitation is not intended to and does not result in a sale of more than \$100 that is to be delivered to one address. As used in this paragraph, "agricultural products" has the meaning ascribed to it in NRS 587.290.

(r) A person who has been operating, for at least 2 years, a retail business establishment under the same name as that used in connection with the solicitation of sales by telephone if, on a continuing basis:

(1) Goods are displayed and offered for sale or services are offered for sale and provided at the person's business establishment; and

(2) At least 50 percent of the person's business involves the buyer obtaining such goods or services at the person's business establishment.



(s) A person soliciting only the sale of telephone answering services to be provided by the person or his or her employer.

(t) A person soliciting a transaction regulated by the Commodity Futures Trading Commission, if:

(1) The person is registered with or temporarily licensed by the Commission to conduct that activity pursuant to the Commodity Exchange Act, 7 U.S.C. §§ 1 et seq.; and

(2) The registration or license has not expired or been suspended or revoked.

(u) A person who contracts for the maintenance or repair of goods previously purchased from the person:

(1) Making the solicitation; or

(2) On whose behalf the solicitation is made.

(v) A person to whom a license to operate an information service or a nonrestricted gaming license, which is current and valid, has been issued pursuant to chapter 463 of NRS when soliciting sales within the scope of his or her license.

(w) A person who solicits a previous customer of the business on whose behalf the call is made if the person making the call:

(1) Does not offer the customer any premium in connection with the sale;

(2) Is not selling an investment or an opportunity for an investment that is not registered with any state or federal authority; and

(3) Is not regularly engaged in telephone sales.

(x) A person who solicits the sale of livestock.

(y) An issuer which has a class of securities that is listed on the New York Stock Exchange, the American Stock Exchange or the National Market System of the National Association of Securities Dealers Automated Quotation System.

(z) A subsidiary of an issuer that qualifies for exemption pursuant to paragraph (y) if at least 60 percent of the voting power of the shares of the subsidiary is owned by the issuer.

Sec. 25. (Deleted by amendment.)

Sec. 25.5. The Director of the Department of Business and Industry shall adopt any regulations necessary to carry out the provisions of sections 2 to 23, inclusive, of this act on or before October 1, 2011.

Sec. 26. This act becomes effective upon passage and approval for the purpose of adopting regulations and on October 1, 2011, for all other purposes.

