Amendment No. 543

Assembly Amendment to Assembly Bill No. 361 (BDR 52-3)						
Proposed by: Assembly Committee on Commerce and Labor						
Amends:	Summary: No	Title: Yes Preamble: No Joi	nt Sponsorship: No Digest: Yes			

ASSEMBLY	ACT	ION	Initial and Date	SENATE ACTIO	N Initial and Date
Adopted		Lost		Adopted	Lost
Concurred In		Not		Concurred In	Not
Receded		Not	1	Receded	Not

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of <u>green bold underlining</u> is language proposed to be added in this amendment; (3) <u>red strikethrough</u> is deleted language in the original bill; (4) <u>purple double strikethrough</u> is language proposed to be deleted in this amendment; (5) <u>orange double underlining</u> is deleted language in the original bill proposed to be retained in this amendment.

JFD/EGO : Date: 4/23/2017

A.B. No. 361—Revises provisions governing business practices. (BDR 52-320)



ASSEMBLY BILL NO. 361-ASSEMBLYMAN CARRILLO

MARCH 20, 2017

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing business practices. (BDR 52-320)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for

Term of Imprisonment in County or City Jail or Detention

Facility.

Effect on the State: Yes.

EXPLANATION - Matter in **bolded italics** is new: matter between brackets formitted material is material to be omitted.

AN ACT relating to business practices; making the charging of certain fees a deceptive trade practice; revising provisions governing deceptive trade practices relating to gift certificates [1] or gift cards; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law defines various activities involving businesses and occupations that constitute deceptive trade practices. (NRS 598.0915-598.0925) If a person engages in a deceptive trade practice, the person may be subject to restraint by injunction and the imposition of civil and criminal penalties. (NRS 598.0979, 598.0985, 598.0999)

Section ## 1.7 of this bill makes it a deceptive trade practice for a person, in the course of his or her business or occupation, to charge a fee to [: (1)] update or change records relating to a person, including billing or credit information [: or (2) speal], including, in circumstances in which the person requesting the update or change chooses to communicate about the update or change by speaking with a natural person by telephone in lieu of using an automated or computerized telephone system.

Existing law makes it a deceptive trade practice for a person, in the course of his or her business or occupation, to issue a gift certificate that expires on a certain date unless the expiration date of the gift certificate or a telephone number for obtaining balance or expiration information is printed on the front or back of the gift certificate in at least 10-point font. (NRS 598.0921) [Section 2 of this bill changes the font size and style for the required information to 12 point bold font and requires its placement only on the front of the gift certificate and on any leaflet, packaging or other written material concerning the gift certificate which is provided to the buyer of the gift certificate.] Section 1 of this bill makes it a deceptive trade practice to offer a free gift certificate or gift card as part of a promotion or incentive to potential customers if: (1) the offer expires less than 90 days after the date on which the offer is made; or (2) the person does not print the expiration date of the offer plainly and conspicuously on the front of any written materials concerning the offer provided to the recipient of the offer.

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 a new section to read as follows:
- 1. A person shall not, in the course of the person's business or occupation, offer to provide, free of charge, a gift certificate or gift card as part of a promotion or incentive to potential customers if the offer expires less than 90 days after the date on which the offer is made.
- 2. If a person, in the course of the person's business or occupation, offers to provide, free of charge, a gift certificate or gift card as part of a promotion or incentive to potential customers, the person shall ensure that the expiration date of the offer is printed:
- (a) Plainly and conspicuously in at least 12-point bold font on the front of any brochure, leaflet, pamphlet, packaging, advertisement or other written material provided to the recipient of the offer which contains information concerning the offer; and
- (b) In such a manner that the print is readily visible to the recipient of the offer before the recipient becomes a customer.
- 3. A person engages in a "deceptive trade practice" if the person violates subsection 1 or 2.
 - Sec. 1.3. NRS 598.0903 is hereby amended to read as follows:
- 598.0903 As used in NRS 598.0903 to 598.0999, inclusive, <u>and section 1 of this act.</u> unless the context otherwise requires, the words and terms defined in NRS 598.0905 to 598.0947, inclusive, <u>and section 1 of this act</u> have the meanings ascribed to them in those sections.
- [Section 1.] Sec. 1.7. NRS 598.092 is hereby amended to read as follows: 598.092 A person engages in a "deceptive trade practice" when in the course of his or her business or occupation he or she:
- 1. Knowingly fails to identify goods for sale or lease as being damaged by water.
- 2. Solicits by telephone or door to door as a lessor or seller, unless the lessor or seller identifies himself or herself, whom he or she represents and the purpose of his or her call within 30 seconds after beginning the conversation.
- 3. Knowingly states that services, replacement parts or repairs are needed when no such services, replacement parts or repairs are actually needed.
- 4. Fails to make delivery of goods or services for sale or lease within a reasonable time or to make a refund for the goods or services, if he or she allows refunds.
 - 5. Advertises or offers an opportunity for investment and:
- (a) Represents that the investment is guaranteed, secured or protected in a manner which he or she knows or has reason to know is false or misleading;
- (b) Represents that the investment will earn a rate of return which he or she knows or has reason to know is false or misleading;
- (c) Makes any untrue statement of a material fact or omits to state a material fact which is necessary to make another statement, considering the circumstances under which it is made, not misleading;
- (d) Fails to maintain adequate records so that an investor may determine how his or her money is invested:
- (e) Fails to provide information to an investor after a reasonable request for information concerning his or her investment;

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- (f) Fails to comply with any law or regulation for the marketing of securities or other investments; or
- (g) Represents that he or she is licensed by an agency of the State to sell or offer for sale investments or services for investments if he or she is not so licensed.
- Charges a fee for advice with respect to investment of money and fails to disclose:
- (a) That he or she is selling or offering to lease goods or services and, if he or she is, their identity; or
- (b) That he or she is licensed by an agency of any state or of the United States to sell or to offer for sale investments or services for investments or holds any other license related to the service he or she is providing.
- 7. Notifies any person, by any means, as a part of an advertising plan or scheme, that he or she has won a prize and that as a condition of receiving the prize he or she must purchase or lease goods or services.
- Knowingly misrepresents the legal rights, obligations or remedies of a party to a transaction.
- Fails, in a consumer transaction that is rescinded, cancelled or otherwise terminated in accordance with the terms of an agreement, advertisement, representation or provision of law, to promptly restore to a person entitled to it a deposit, down payment or other payment or, in the case of property traded in but not available, the agreed value of the property or fails to cancel within a specified time or an otherwise reasonable time an acquired security interest. This subsection does not apply to a person who is holding a deposit, down payment or other payment on behalf of another if all parties to the transaction have not agreed to the release of the deposit, down payment or other payment.
- Fails to inform customers, if he or she does not allow refunds or exchanges, that he or she does not allow refunds or exchanges by:
 - (a) Printing a statement on the face of the lease or sales receipt;
 - (b) Printing a statement on the face of the price tag; or
- (c) Posting in an open and conspicuous place a sign at least 8 by 10 inches in size with boldface letters,
- ⇒ specifying that no refunds or exchanges are allowed.
 - Knowingly and willfully violates NRS 597.7118 or 597.7125.
- Knowingly takes advantage of another person's inability reasonably to protect his or her own rights or interests in a consumer transaction when such an inability is due to illiteracy, or to a mental or physical infirmity or another similar condition which manifests itself as an incapability to understand the language or terms of any agreement.
 - Charges a fee to a person to #
- (a) Change or update any record . which relates to that person, including, without limitation, billing or credit information [; or (b) Speak tol, which relates to the person requesting the change or update,
- including, without limitation, in circumstances in which that person chooses to communicate regarding the change or update by speaking to a natural person by telephone in lieu of using an automated or computerized telephone system.
 - Sec. 2. [NRS 598.0921 is hereby amended to read as follows:
- A person engages in a "deceptive trade practice" if, in the course of his or her business or occupation:
- (a) He or she issues a gift certificate that expires on a certain date, unless either of the following is printed plainly and conspicuously on the front [or back] of the gift cortificate and on any brochure, leaflet, pamphlet, packaging or other written material provided to the buyer of the gift certificate which contains information concerning the gift certificate in at least 10 point 12 point bold font and in such a

manner that the print is readily visible to the buyer of the gift certificate before the buyer purchases the gift certificate:

- (1) The expiration date of the gift certificate; or
- (2) A toll free telephone number accompanied by a statement setting forth that the buyer or holder of the gift certificate may call the telephone number to obtain the balance of the gift certificate and the expiration date of the gift certificate;
- (b) He or she imposes upon the buyer or helder of a gift certificate a service fee, unless each of the following is printed plainly and conspicuously on the front or back of the gift certificate in at least 10 point font and in such a manner that the print is readily visible to the buyer of the gift certificate before the buyer purchases the gift certificate:
 - (1) The amount of the service fee;
 - (2) The event or events that will cause the service fee to be imposed:
 - (3) The frequency with which the service fee will be imposed; and
- (1) If the service fee will be imposed on the basis of inactivity, the duration of inactivity, which must not be less than 3 continuous years of nonuse, that will cause the service fee to be imposed; or
- (e) Regardless of the notice provided, he or she imposes upon the buyer or holder of a gift certificate:
- (1) A service fee or a combination of service fees that exceed a total of \$1
- (2) A service fee that commences or is imposed within the first 12 months after the issuance of the gift certificate.
 - 2. The provisions of this section do not apply to:
- (a) A gift certificate that is issued as part of an award, loyalty, promotional, rebate, incentive or reward program and for which issuance the issuer does not receive money or any other thing of value;
- (b) A gift certificate that is sold at a reduced price to an employer or nonprofit or charitable organization, if the expiration date of the gift certificate is not more than 30 days after the date of sale; and
- (e) A gift certificate that is issued by an establishment licensed pursuant to the provisions of chapter 463 of NRS.
- 3. As used in this section:
- (a) "Gift certificate" means an instrument or a record evidencing a promise by the seller or issuer of the instrument or record to provide goods or services to the holder of the gift certificate for the value shown in, upon or ascribed to the instrument or record and for which the value shown in, upon or ascribed to the instrument or record is decreased in an amount equal to the value of goods or services provided by the issuer or seller to the holder. The term includes, without limitation, a gift card, certificate or similar instrument. The term does not include:
- (1) An instrument or record for prepaid telecommunications or technology services, including, without limitation, a card for prepaid telephone services, a card for prepaid technical support services and an instrument for prepaid Internet service purchased or otherwise distributed to a consumer of such services, including, without limitation, as part of an award, loyalty, promotional or reward program; or
- (2) An instrument or record, by whatever name called, that may be used to obtain goods or services from more than one person or business entity, if the expiration date is printed plainly and conspicuously on the front [or back] of the instrument or record.
- (b) "Issue" means to sell or otherwise provide a gift certificate to any person and includes, without limitation, adding value to an existing gift certificate.

- (e) "Record" means information which is inscribed on a tangible medium or which is stored in an electronic or other medium, including, without limitation, information stored on a microprocessor chip or magnetic strip, and is retrievable in perceivable form.
- (d) "Service fee" means any charge or fee other than the charge or fee imposed for the issuance of the gift certificate, including, without limitation, a service fee imposed on the basis of inactivity or any other type of charge or fee imposed after the sale of the gift certificate.] (Deleted by amendment.)
 - Sec. 2.1. NRS 598.0953 is hereby amended to read as follows:
- 598.0953 1. Evidence that a person has engaged in a deceptive trade practice is prima facie evidence of intent to injure competitors and to destroy or substantially lessen competition.
- 2. The deceptive trade practices listed in NRS 598.0915 to 598.0925, inclusive, *and section 1 of this act* are in addition to and do not limit the types of unfair trade practices actionable at common law or defined as such in other statutes of this State.
 - Sec. 2.2. NRS 598.0955 is hereby amended to read as follows:
- 598.0955 1. The provisions of NRS 598.0903 to 598.0999, inclusive, <u>and</u> section 1 of this act do not apply to:
- (a) Conduct in compliance with the orders or rules of, or a statute administered by, a federal, state or local governmental agency.
- (b) Publishers, including outdoor advertising media, advertising agencies, broadcasters or printers engaged in the dissemination of information or reproduction of printed or pictorial matter who publish, broadcast or reproduce material without knowledge of its deceptive character.
 - (c) Actions or appeals pending on July 1, 1973.
- 2. The provisions of NRS 598.0903 to 598.0999, inclusive, <u>and section 1 of this act</u> do not apply to the use by a person of any service mark, trademark, certification mark, collective mark, trade name or other trade identification which was used and not abandoned prior to July 1, 1973, if the use was in good faith and is otherwise lawful except for the provisions of NRS 598.0903 to 598.0999, inclusive 1, and section 1 of this act.
 - Sec. 2.3. NRS 598.0963 is hereby amended to read as follows:
- 598.0963 1. Whenever the Attorney General is requested in writing by the Commissioner or the Director to represent him or her in instituting a legal proceeding against a person who has engaged or is engaging in a deceptive trade practice, the Attorney General may bring an action in the name of the State of Nevada against that person on behalf of the Commissioner or Director.
- 2. The Attorney General may institute criminal proceedings to enforce the provisions of NRS 598.0903 to 598.0999, inclusive ; and section 1 of this act. The Attorney General is not required to obtain leave of the court before instituting criminal proceedings pursuant to this subsection.
- 3. If the Attorney General has reason to believe that a person has engaged or is engaging in a deceptive trade practice, the Attorney General may bring an action in the name of the State of Nevada against that person to obtain a temporary restraining order, a preliminary or permanent injunction, or other appropriate relief.
- 4. If the Attorney General has cause to believe that a person has engaged or is engaging in a deceptive trade practice, the Attorney General may issue a subpoena to require the testimony of any person or the production of any documents, and may administer an oath or affirmation to any person providing such testimony. The subpoena must be served upon the person in the manner required for service of process in this State or by certified mail with return receipt requested. An employee of the Attorney General may personally serve the subpoena.

Sec. 2.4. NRS 598.0967 is hereby amended to read as follows:

598.0967 1. The Commissioner and the Director, in addition to other powers conferred upon them by NRS 598.0903 to 598.0999, inclusive, *and section* 1 of this act, may issue subpoenas to require the attendance of witnesses or the production of documents, conduct hearings in aid of any investigation or inquiry and prescribe such forms and adopt such regulations as may be necessary to administer the provisions of NRS 598.0903 to 598.0999, inclusive 1 of this act. Such regulations may include, without limitation, provisions concerning the applicability of the provisions of NRS 598.0903 to 598.0999, inclusive, and section 1 of this act to particular persons or circumstances.

2. Except as otherwise provided in this subsection, service of any notice or subpoena must be made by certified mail with return receipt or as otherwise allowed by law. An employee of the Consumer Affairs Division of the Department of Business and Industry may personally serve a subpoena issued pursuant to this

section.

Sec. 2.5. NRS 598.0971 is hereby amended to read as follows:

598.0971 1. If, after an investigation, the Commissioner has reasonable cause to believe that any person has been engaged or is engaging in any deceptive trade practice in violation of NRS 598.0903 to 598.0999, inclusive, <u>and section 1 of this act</u>, the Commissioner may issue an order directed to the person to show cause why the Director should not order the person to cease and desist from engaging in the practice and to pay an administrative fine. The order must contain a statement of the charges and a notice of a hearing to be held thereon. The order must be served upon the person directly or by certified or registered mail, return receipt requested.

2. An administrative hearing on any action brought by the Commissioner must be conducted before the Director or his or her designee.

- 3. If, after conducting a hearing pursuant to the provisions of subsection 2, the Director or his or her designee determines that the person has violated any of the provisions of NRS 598.0903 to 598.0999, inclusive, and section 1 of this act, or if the person fails to appear for the hearing after being properly served with the statement of charges and notice of hearing, the Director or his or her designee shall issue an order setting forth his or her findings of fact concerning the violation and cause to be served a copy thereof upon the person and any intervener at the hearing. If the Director or his or her designee determines in the report that such a violation has occurred, he or she may order the violator to:
- (a) Cease and desist from engaging in the practice or other activity constituting the violation;
- (b) Pay the costs of conducting the investigation, costs of conducting the hearing, costs of reporting services, fees for experts and other witnesses, charges for the rental of a hearing room if such a room is not available to the Director or his or her designee free of charge, charges for providing an independent hearing officer, if any, and charges incurred for any service of process, if the violator is adjudicated to have committed a violation of NRS 598.0903 to 598.0999, inclusive [1], and section 1 of this act;
- (c) Provide restitution for any money or property improperly received or obtained as a result of the violation; and
- (d) Impose an administrative fine of \$1,000 or treble the amount of restitution ordered, whichever is greater.
- → The order must be served upon the person directly or by certified or registered mail, return receipt requested. The order becomes effective upon service in the manner provided in this subsection.

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- NRS. Such a petition must be filed within 30 days after the service of the order. The order becomes final upon the filing of the petition. 5. If a person fails to comply with any provision of an order issued pursuant to subsection 3, the Commissioner or the Director may, through the Attorney General, at any time after 30 days after the service of the order, cause an action to be instituted in the district court of the county wherein the person resides or has his
 - or her principal place of business requesting the court to enforce the provisions of the order or to provide any other appropriate injunctive relief. 6. If the court finds that:
 - (a) The violation complained of is a deceptive trade practice;
 - (b) The proceedings by the Director or his or her designee concerning the written report and any order issued pursuant to subsection 3 are in the interest of the

Any person whose pecuniary interests are directly and immediately

affected by an order issued pursuant to subsection 3 or who is aggrieved by the order may petition for judicial review in the manner provided in chapter 233B of

- (c) The findings of the Director or his or her designee are supported by the weight of the evidence,
- → the court shall issue an order enforcing the provisions of the order of the Director or his or her designee.
 - An order issued pursuant to subsection 6 may include:
- (a) A provision requiring the payment to the Consumer Affairs Division of the Department of Business and Industry of a penalty of not more than \$5,000 for each act amounting to a failure to comply with the Director's or designee's order;
 - (b) An order that the person cease doing business within this State; and
- (c) Such injunctive or other equitable or extraordinary relief as is determined appropriate by the court.
- Any aggrieved party may appeal from the final judgment, order or decree of the court in a like manner as provided for appeals in civil cases.
- Upon the violation of any judgment, order or decree issued pursuant to subsection 6 or 7, the Commissioner, after a hearing thereon, may proceed in accordance with the provisions of NRS 598.0999.

NRS 598.0985 is hereby amended to read as follows:

Notwithstanding the requirement of knowledge as an element of a 598.0985 deceptive trade practice, and notwithstanding the enforcement powers granted to the Commissioner or Director pursuant to NRS 598.0903 to 598.0999, inclusive, and section 1 of this act, whenever the district attorney of any county has reason to believe that any person is using, has used or is about to use any deceptive trade practice, knowingly or otherwise, he or she may bring an action in the name of the State of Nevada against that person to obtain a temporary or permanent injunction against the deceptive trade practice.

Sec. 2.7. NRS 598.0993 is hereby amended to read as follows:

598.0993 The court in which an action is brought pursuant to NRS 598.0979 and 598.0985 to 598.099, inclusive, may make such additional orders or judgments as may be necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of any deceptive trade practice which violates any of the provisions of NRS 598.0903 to 598.0999, inclusive, and section 1 of this act, but such additional orders or judgments may be entered only after a final determination has been made that a deceptive trade practice has occurred.

Sec. 2.8. NRS 598.0999 is hereby amended to read as follows:

1. Except as otherwise provided in NRS 598.0974, a person who violates a court order or injunction issued pursuant to the provisions of NRS

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598.0903 to 598.0999, inclusive, and section 1 of this act, upon a complaint brought by the Commissioner, the Director, the district attorney of any county of this State or the Attorney General shall forfeit and pay to the State General Fund a civil penalty of not more than \$10,000 for each violation. For the purpose of this section, the court issuing the order or injunction retains jurisdiction over the action or proceeding. Such civil penalties are in addition to any other penalty or remedy available for the enforcement of the provisions of NRS 598.0903 to 598.0999, inclusive [, and section 1 of this act.

Except as otherwise provided in NRS 598.0974, in any action brought pursuant to the provisions of NRS 598.0903 to 598.0999, inclusive, and section 1 of this act, if the court finds that a person has willfully engaged in a deceptive trade practice, the Commissioner, the Director, the district attorney of any county in this State or the Attorney General bringing the action may recover a civil penalty not to exceed \$5,000 for each violation. The court in any such action may, in addition to any other relief or reimbursement, award reasonable attorney's fees and costs.

- A natural person, firm, or any officer or managing agent of any corporation or association who knowingly and willfully engages in a deceptive trade practice:
 - (a) For the first offense, is guilty of a misdemeanor.
 - (b) For the second offense, is guilty of a gross misdemeanor.
- (c) For the third and all subsequent offenses, is guilty of a category D felony and shall be punished as provided in NRS 193.130.
- → The court may require the natural person, firm, or officer or managing agent of the corporation or association to pay to the aggrieved party damages on all profits derived from the knowing and willful engagement in a deceptive trade practice and treble damages on all damages suffered by reason of the deceptive trade practice.
- Any offense which occurred within 10 years immediately preceding the date of the principal offense or after the principal offense constitutes a prior offense for the purposes of subsection 3 when evidenced by a conviction, without regard to the sequence of the offenses and convictions.
- 5. If a person violates any provision of NRS 598.0903 to 598.0999, inclusive, and section 1 of this act, 598.100 to 598.2801, inclusive, 598.305 to 598.395, inclusive, 598.405 to 598.525, inclusive, 598.741 to 598.787, inclusive, or 598.840 to 598.966, inclusive, fails to comply with a judgment or order of any court in this State concerning a violation of such a provision, or fails to comply with an assurance of discontinuance or other agreement concerning an alleged violation of such a provision, the Commissioner or the district attorney of any county may bring an action in the name of the State of Nevada seeking:
- (a) The suspension of the person's privilege to conduct business within this State: or
 - (b) If the defendant is a corporation, dissolution of the corporation.
- → The court may grant or deny the relief sought or may order other appropriate relief.
- If a person violates any provision of NRS 228.500 to 228.640, inclusive, fails to comply with a judgment or order of any court in this State concerning a violation of such a provision, or fails to comply with an assurance of discontinuance or other agreement concerning an alleged violation of such a provision, the Attorney General may bring an action in the name of the State of Nevada seeking:
- (a) The suspension of the person's privilege to conduct business within this State; or
 - (b) If the defendant is a corporation, dissolution of the corporation.
 - → The court may grant or deny the relief sought or may order other appropriate relief.

Sec. 2.9. NRS 41.600 is hereby amended to read as follows:
41.600 1. An action may be brought by any person who is a victim of
consumer fraud.
2. As used in this section, "consumer fraud" means:
(a) An unlawful act as defined in NRS 119.330;
(b) An unlawful act as defined in NRS 205.2747;
(c) An act prohibited by NRS 482.36655 to 482.36667, inclusive;
(d) An act prohibited by NRS 482.351; or
(e) A deceptive trade practice as defined in NRS 598.0915 to 598.0925,
inclusive H, and section 1 of this act.
3. If the claimant is the prevailing party, the court shall award the claimant:
(a) Any damages that the claimant has sustained;
(b) Any equitable relief that the court deems appropriate; and
(c) The claimant's costs in the action and reasonable attorney's fees.
4. Any action brought pursuant to this section is not an action upon any
contract underlying the original transaction.
Sec. 3. The provisions of [NRS 598.0921, as amended by] section [2] 1 of
this act [3] apply only to gift [certificates issued] certificate and gift card offers
made on or after July 1, 2017.
Sec. 4. This act becomes effective on July 1, 2017.