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Introduced by M. of A. CARROLL, ABBATE, STIRPE, REYES, DenDEKKER, TAYLOR, CYMBROWITZ, DICKENS, M. G. MILLER, D'URSO, ENGLEBRIGHT, D. ROSENTHAL, GALEF, GOTTFRIED, RAMOS, DeSTEFANO, MIKULIN, SMITH, SAYEGH, WILLIAMS, COOK, ABINANTI, McDONOUGH, QUART, SEAWRIGHT, LIPE-TRI, REILLY, B. MILLER, ROZIC, PALUMBO, EPSTEIN, FERNANDEZ, RYAN, STECK, CRUZ, PHEFFER AMATO, PICHARDO, RAIA, RA, BENEDETTO, BYRNE, JACOBSON, BUCHWALD, HYNDMAN, PERRY, THIELE, SOLAGES, LAVINE, STERN, GARBARINO, GRIFFIN -- Multi-Sponsored by -- M. of A. DE LA ROSA, FITZPATRICK, HEVESI, LAWRENCE, SIMON -- read once and referred to the Committee on Consumer Affairs and Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the vehicle and traffic law and the general business law, in relation to designating new automotive broker businesses

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph a of subdivision 1 of section 415 of the vehicle
2 and traffic law, as amended by chapter 554 of the laws of 2015, is
3 amended and a new paragraph n is added to read as follows:
4 a. "Dealer" means a person engaged in the business of buying, selling
5 or dealing in motor vehicles, motorcycles or trailers, other than mobile
6 homes or manufactured homes, at retail or wholesale; except, however,
7 trailers with an unladen weight of less than one thousand pounds. For
8 the purposes of this section, a "mobile home" or "manufactured home"
9 means a mobile home or manufactured home as defined in section one
10 hundred twenty-two-c of this chapter. Any person who sells, or offers
11 for sale or lease more than five motor vehicles, motorcycles or trailers
12 in any calendar year or who displays or permits the display of three or

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 more motor vehicles, motorcycles or trailers for sale at any one time or
2 within any one calendar month upon premises owned or controlled by him
3 or her, if such vehicles were purchased, acquired or otherwise obtained
4 by such person for the purpose of resale, will be regarded as a dealer.

5 For the purposes of this section, "offers for sale or lease" shall
6 include, but not be limited to, the act of drawing the public's atten-
7 tion to, or the presentation or display of any motor vehicle, including
8 the posting of images of any such vehicle, together with an offer to
9 provide, the provision of, or a representation that such person may
10 provide a service of arranging, assisting, facilitating or effecting the
11 lease of such new motor vehicle, except this meaning shall not apply to
12 any activity of a cooperative or other advertising program or fund as
13 described in any franchise, as such term is defined by subdivision six
14 of section four hundred sixty-two of this title. Except as otherwise
15 provided in subdivisions three, five, six-b, and seven of this section,
16 the term "dealer" shall include a "new motor vehicle dealer" as defined
17 by paragraph f of this subdivision and a "qualified dealer" as defined
18 in paragraph g of this subdivision.

19 n. "New automobile broker business" shall have the same meaning as set
20 forth in subdivision four of section seven hundred thirty-six of the
21 general business law.

22 § 2. Section 736 of the general business law is amended by adding two
23 new subdivisions 4 and 5 to read as follows:

24 4. "New automobile broker business" means any person who, for a fee,
25 commission or other valuable consideration, regardless of whether such
26 fee, commission or consideration is paid directly by a consumer, offers
27 to provide, provides or represents that he or she will provide a service
28 of purchasing, arranging, assisting, facilitating or effecting the
29 purchase or lease of a previously unregistered automobile; through a new
30 motor vehicle dealer, as agent, broker, or intermediary for a consumer.
31 "New automobile broker business" does not include any person registered
32 as a new vehicle dealer for the new automobile brand or brands for which
33 such services are provided, pursuant to article sixteen of the vehicle
34 and traffic law nor any bona fide employee of such a registered dealer
35 while acting for such dealer, nor any motor vehicle franchisor, manufac-
36 turer or distributor for the new automobile brand or brands for which
37 such services are provided.

38 5. Notwithstanding any other subdivision of this section, the terms
39 "automobile broker business" and "new automobile broker business" shall
40 not include any entity that provides a service of purchasing, arranging,
41 assisting, facilitating, or effecting the purchase or lease of a previ-
42 ously unregistered automobile as an agent, broker, or intermediary for a
43 consumer, if that entity facilitates the purchase or lease of a new
44 motor vehicle in this state from a new motor vehicle dealer by means of
45 an online new automobile referral service. For the purposes of this
46 subdivision, "online new automobile referral service" means an organiza-
47 tion, including, but not limited to a corporation, limited liability
48 company, partnership, sole proprietor, or any other entity, that:

49 (a) operates an interactive website and/or smartphone application that
50 facilitates the provision of services or consummation of transactions by
51 marketplace entities and persons seeking such services or transactions
52 on a digital platform specifically designed and built for online motor
53 vehicle lease transactions;

54 (b) lists motor vehicles provided by multiple new motor vehicle deal-
55 ers in this state;

1 (c) provides services, or the transactions facilitated thereby, on a
2 multi-state basis; and

3 (d) involves no in-person meeting as between a prospective lessee or
4 purchaser and the operator of such interactive website and/or smartphone
5 application.

6 § 3. Subdivision 3-a and paragraph b-3 of subdivision 5 of section 415
7 of the vehicle and traffic law, as added by chapter 477 of the laws of
8 2017, are amended to read as follows:

9 3-a. Automobile broker business [~~registration~~] or new automobile
10 broker business. a. No person shall engage in the automobile broker
11 business, the new automobile broker business or represent or advertise
12 that he or she is engaged or intends to engage in the automobile broker
13 business or new automobile broker business in this state, unless there
14 shall have been issued to him or her a certificate of registration as an
15 automobile broker business or new automobile broker business, as the
16 case may be, by the commissioner under this section pursuant to an
17 application for registration submitted pursuant to subdivision five of
18 this section.

19 b. The commissioner shall not issue any certificate of registration
20 authorized by this subdivision to any dealer, franchisee, franchisor,
21 manufacturer, distributor, distributor branch or factory branch, as such
22 terms are defined in section four hundred sixty-two of this title, or to
23 any subsidiary, affiliate or controlled entity thereof.

24 c. As a condition of any certificate of registration issued pursuant
25 to this subdivision, a new automobile broker business shall have, and
26 continuously maintain, a place of business in this state for which it
27 shall keep and maintain evidence that all necessary approvals, licenses
28 and/or permits have been obtained from all local governing bodies to
29 operate such place of business with customer or client traffic.

30 d. Every registered new automobile broker shall prominently and
31 conspicuously post, in such a manner that it is likely to be noticeable
32 to anyone entering its premises, its official business certificate of
33 registration and a sign, which sign shall clearly state:

34 "(Name of registered new automobile broker) is not a franchised new
35 motor vehicle dealership. We are not authorized or approved by a
36 manufacturer or distributor to sell a motor vehicle or perform recall or
37 original factory warranty work. If you order a search for a new motor
38 vehicle from this broker, we must make a bona fide effort to solicit
39 bids from at least three unaffiliated new motor vehicle dealers for a
40 new motor vehicle on your behalf, including from your local dealer."

41 e. A new automobile broker business shall not provide, offer to
42 provide, or represent that he or she will provide a service of purchas-
43 ing, arranging, assisting, facilitating or effecting the purchase or
44 lease of a previously unregistered automobile with a dealer located in
45 any other state unless such state affords lawful means for the same
46 business activity, such standards and requirements are equivalent to
47 those contained in this article and article thirty-five-B of the general
48 business law, the new automobile broker business is registered, permit-
49 ted or licensed to perform such business activity in such other state
50 and is otherwise in good standing with each governmental agency of such
51 other state responsible for regulating such business activity. The
52 commissioner of motor vehicles shall be empowered to determine the
53 substantial equivalence of such other state laws pertaining to the
54 registration, permitting or licensure of such businesses.

55 f. Nothing in this subdivision shall be construed to prohibit a fran-
56 chisor, manufacturer, or distributor from sponsoring activities intended

1 to generate leads toward the sale or lease of a new motor vehicle by a
2 franchisee.

3 b-3. In the case of an application for registration as an automobile
4 broker business or new automobile broker business, the name and address
5 of the surety company which will issue the bond required by subdivision
6 one of section seven hundred forty-a of the general business law and a
7 statement indicating any interest in the applicant's business entity by
8 a person or entity described in paragraph (f) of subdivision one or
9 paragraph f of subdivision seven of this section. If the bond is to be
10 issued by an authorized agent of the surety company licensed by the
11 state, then the name and address of that agent may be provided in lieu
12 of the information concerning the surety company.

13 § 4. Subdivision 1 of section 736-a of the general business law, as
14 added by chapter 477 of the laws of 2017, is amended and a new subdivi-
15 sion 3 is added to read as follows:

16 1. (a) No person shall engage in business as an automobile broker
17 business or as a new automobile broker business, as such terms are
18 defined in section seven hundred thirty-six of this article, without
19 first having been issued a certificate of registration for an automobile
20 broker business or new automobile broker business pursuant to paragraph
21 c of subdivision seven of section four hundred fifteen of the vehicle
22 and traffic law. A certificate of registration for a new automobile
23 broker business is valid for a period of two years.

24 (b) No new automobile broker business shall represent or accept
25 payment from, either directly or indirectly, a franchisee, dealer, fran-
26 chisor, manufacturer and/or distributor, as such terms are defined in
27 sections four hundred fifteen and four hundred sixty-two of the vehicle
28 and traffic law.

29 (c) No new automobile broker business shall provide, offer to provide,
30 or represent that he or she will provide a service of purchasing,
31 arranging, assisting, facilitating or effecting the purchase or lease of
32 a previously unregistered automobile with a dealer located in any other
33 state unless such state affords lawful means for the same business
34 activity, such standards and requirements set forth in the laws of such
35 other state are equivalent to those contained in this article, the new
36 automobile broker business has been registered, permitted or licensed to
37 perform such business activity in such other state and is otherwise in
38 good standing with each agency of such other state responsible for regu-
39 lating such business activity. The commissioner of motor vehicles shall
40 be empowered to determine the substantial equivalence of such other
41 state laws pertaining to the regulation of such business activity,
42 including consumer protections in any such law.

43 3. The commissioner of motor vehicles shall make necessary rules and
44 regulations as may be appropriate for the proper enforcement of the
45 provisions of this section.

46 § 5. The general business law is amended by adding a new section 741-c
47 to read as follows:

48 § 741-c. Prohibitions related to private information. No person regis-
49 tered under this article shall request, receive, accept, handle, store
50 or transmit the private information, as such term is defined in para-
51 graph (b) of subdivision one of section eight hundred ninety-nine-aa of
52 this chapter, of any consumer.

53 § 6. Section 737 of the general business law, as added by chapter 616
54 of the laws of 1988, is amended to read as follows:

55 § 737. Advance fees prohibited. No automobile broker business or new
56 automobile broker business shall solicit, receive or collect from a

1 consumer any fee, or commission, in advance of the performance of those
2 services specified in the contract as required by section seven hundred
3 thirty-eight of this article.

4 § 7. The opening paragraph of subdivision 1 of section 738 of the
5 general business law, as amended by chapter 28 of the laws of 2018, is
6 amended to read as follows:

7 Every contract between a consumer and an automobile broker business,
8 which for the purposes of this section shall include new automobile
9 broker businesses, for the purchase of an automobile shall be in writ-
10 ing, shall be dated, shall contain the street address of the automobile
11 broker business and the consumer and shall be signed by the consumer and
12 by the automobile broker business. Every contract shall comply with the
13 requirements set forth in this section and contain the following:

14 § 8. Section 740 of the general business law, as added by chapter 616
15 of the laws of 1988, is amended to read as follows:

16 § 740. Escrow required for advance payments. All monies paid by a
17 consumer to an automobile broker business or a new automobile broker
18 business in connection with a transaction covered by this article shall
19 be trust funds in the possession of such automobile broker business or
20 new automobile broker business and shall be deposited by it within five
21 days after receipt thereof, in an account in a banking organization
22 within the state. The automobile broker business or new automobile
23 broker business shall thereupon notify in writing the consumer, giving
24 the name and address of the banking organization and the amount deposit-
25 ed. The monies shall be held on deposit until fully applied to the
26 contract price at the time the automobile is delivered to the consumer,
27 unless sooner repaid in accordance with the provisions of this article.

28 § 9. Section 740-a of the general business law, as added by chapter
29 579 of the laws of 2011 and subdivision 1 as amended by chapter 477 of
30 the laws of 2017, is amended to read as follows:

31 § 740-a. Automobile broker business and new automobile broker business
32 surety bond. 1. Automobile broker businesses shall obtain and continue
33 in effect a surety bond in an amount of one hundred thousand dollars
34 executed by a surety company authorized to transact business in the
35 state by the department of financial services of the state or its
36 successor. New automobile broker businesses shall obtain and continue
37 in effect a surety bond in an amount of two hundred fifty thousand
38 dollars executed by a surety company authorized to transact business in
39 the state by the department of financial services of the state or its
40 successor. The bonds shall be approved as to form by the secretary of
41 state and shall be conditioned on the automobile broker business' or new
42 automobile broker business' payment of all valid bank drafts, including
43 checks, drawn for the purchase of motor vehicles and safekeeping of all
44 customer deposits related to the sale of a motor vehicle between the
45 time of receipt of such customer deposit and the transfer of good title
46 to the vehicle to the customer.

47 2. Recovery against a bond may be made by a person, including the
48 state, who obtains a judgment against the automobile broker business or
49 new automobile broker business for an act or omission on which the bond
50 is conditioned if the act or omission occurred during the term of the
51 bond. The total liability imposed on the surety under this section for
52 all breaches of the bond condition is limited to the face amount of the
53 bond. Such liability may include, but is not limited to, the amount of
54 the valid bank drafts, including checks, drawn by the automobile broker
55 business or new automobile broker business for the purchase of motor
56 vehicles. In no event shall the surety on a bond be liable for total

1 claims in excess of the bond amount, regardless of the number or nature
2 of claims made against the bond or the number of years the bond remained
3 in force.

4 3. Any surety issuing a bond pursuant to this subdivision shall be
5 required to provide sixty days' notice to the secretary of state prior
6 to the effective date of cancellation of the bond.

7 § 10. Section 741 of the general business law, as added by chapter 616
8 of the laws of 1988, is amended to read as follows:

9 § 741. Deceptive acts and frauds prohibited. 1. It is hereby declared
10 to be a deceptive trade practice and unlawful for an automobile broker
11 business or new automobile broker business to misrepresent directly or
12 indirectly in its advertising, promotional materials, sales presenta-
13 tion, or in any manner:

14 [~~1-~~] (a) The nature of the services to be performed and in the case of
15 a new automobile broker that a third party will be paying for any such
16 services;

17 [~~2-~~] (b) The time within which the services will be performed;

18 [~~3-~~] (c) The cost of the services to be performed; [and

19 4-] (d) The ability of the automobile broker business or new automo-
20 bile broker business to perform the services; and

21 (e) That the automobile broker business or new automobile broker busi-
22 ness is affiliated with any automobile manufacturer and/or distributor,
23 including the use of any trademarks or copyrighted material without the
24 express, written consent of the owner of such material.

25 2. It shall be a fraudulent business practice for an automobile broker
26 business or new automobile broker business to refuse to disclose to a
27 motor vehicle dealer or new motor vehicle dealer the registration number
28 provided by the department of motor vehicles pursuant to section four
29 hundred fifteen of the vehicle and traffic law. Furthermore, it shall
30 also be a fraudulent business practice for an automobile broker business
31 or new automobile broker business to make any misrepresentation to a
32 motor vehicle dealer or new motor vehicle dealer regarding the eligibil-
33 ity of any consumer for any discounts, reductions or any benefit
34 programs regarding the sale or lease of a motor vehicle.

35 3. It shall be a fraudulent business practice for a new automobile
36 broker business to fail to make a bona fide attempt to obtain a quote or
37 offer from at least three unaffiliated dealers on behalf of a prospec-
38 tive buyer or lessee for a vehicle meeting the prospective buyer or
39 lessee's specifications, including the new motor vehicle dealer located
40 in closest proximity to the address of such prospective buyer or
41 lessee's home or, in the case of any entity, its place of doing busi-
42 ness.

43 4. It shall be a fraudulent business practice for a new automobile
44 broker business to fail to act for the benefit of the prospective buyer
45 or lessee, including by failing to make reasonable efforts to obtain the
46 lowest possible price, down payment, number of payments, amount of
47 payments, finance charges, annual percentage rate and/or fees for a new
48 motor vehicle that meets the specifications of such prospective buyer or
49 lessee.

50 § 11. Section 741-a of the general business law, as amended by chapter
51 477 of the laws of 2017, is amended to read as follows:

52 § 741-a. Advertising. Automobile broker businesses and new automobile
53 broker businesses shall clearly and conspicuously disclose the following
54 in all advertisements in any medium, and in any print advertisement such
55 disclosures shall not appear in any footnotes and shall be situated in
56 the top half of any such advertisement in an easily readable typeface:

1 (a) That the automobile broker business or new automobile broker busi-
2 ness is not a registered new motor vehicle dealer but is a registered
3 automobile broker business or new automobile broker business as defined
4 in section four hundred fifteen of the vehicle and traffic law;

5 (b) The registration number issued to the automobile broker business
6 or new automobile broker business pursuant to section four hundred
7 fifteen of the vehicle and traffic law;

8 (c) Whether any fees may be imposed by the automobile broker business
9 or new automobile broker business for services rendered. Details of such
10 compensation shall be provided by the automobile broker business or new
11 automobile broker business upon request by the consumer; and

12 (d) That no warranty repair services will be provided by the automo-
13 bile broker business or new automobile broker business.

14 § 12. Section 741-b of the general business law, as added by chapter
15 28 of the laws of 2018, is amended to read as follows:

16 § 741-b. [~~Disclosure~~] Disclosures. 1. An automobile broker business
17 or new automobile broker business shall provide a disclosure at the time
18 such automobile broker business or new automobile broker business takes
19 an order to search for a leased or purchased vehicle meeting the
20 prospective buyer or lessee's specifications. Such disclosure shall
21 provide the amount of any fees, commissions or other valuable consider-
22 ation the automobile broker business or new automobile broker business
23 expects to receive for any assistance the automobile broker business
24 provides in effecting the lease or purchase transaction, including any
25 reasonably foreseeable fees or charges, including delivery fees. In the
26 case of an automobile broker business this shall include, if known, any
27 payments from a dealer, lessor or any other person or entity for any
28 assistance the automobile broker business provides in effecting the
29 lease or purchase transaction. If the amount of any such fees, commis-
30 sions or other valuable consideration the automobile broker business
31 expects to receive is unknown at the time of the required disclosure,
32 the automobile broker business shall disclose: (a) whether it has a
33 contract with any dealer, lessor or any other person or entity for the
34 provision of assistance in effecting a lease transaction; and (b) wheth-
35 er the automobile broker business may be compensated by the dealer,
36 lessor or any other person or entity for any assistance in effecting
37 such lease transaction. Nothing in this subdivision shall be construed
38 to permit the payment of any fees, commissions or other valuable consid-
39 eration to a new automobile broker business by any dealer.

40 2. A new automobile broker business shall provide an additional
41 disclosure at the time such new automobile broker business takes an
42 order to search for a vehicle meeting the prospective buyer or lessee's
43 specifications. Such additional disclosure shall state that the broker
44 shall make a bona fide attempt to obtain a bid, quote or offer from at
45 least three unaffiliated dealers on behalf of the prospective buyer or
46 lessee for a vehicle meeting the prospective buyer or lessee's specifi-
47 cations, including from the new motor vehicle dealer of such line make
48 located closest to the home or place of business of such prospective
49 buyer and that the new automobile broker has a duty to act for the bene-
50 fit of the prospective buyer or lessee, including by making reasonable
51 efforts to obtain the lowest possible price, down payment, number of
52 payments, amount of payments, finance charges, annual percentage rate
53 and/or fees.

54 3. Each disclosure required by this section shall be acknowledged in
55 writing by each respective prospective buyer or lessee.

1 § 13. Section 742 of the general business law, as added by chapter 616
2 of the laws of 1988, is amended to read as follows:

3 § 742. Action for recovery of damages by consumer. Any consumer
4 injured by a violation of this article or by the breach by an automobile
5 broker business or new automobile broker business of a contract which
6 has been entered into pursuant to section seven hundred thirty-nine of
7 this article may bring an action for recovery of damages. Judgment shall
8 be entered in favor of a consumer in an amount not to exceed three times
9 the actual damages, but in no case less than the amount paid by the
10 buyer to the automobile broker business or new automobile broker busi-
11 ness. The court may award reasonable attorney's fees to a prevailing
12 plaintiff.

13 § 14. Section 743 of the general business law, as amended by chapter
14 372 of the laws of 2016, is amended to read as follows:

15 § 743. Enforcement [~~by~~]. 1. By attorney general. In addition to the
16 other remedies provided, whenever there shall be a violation of this
17 article, application may be made by the attorney general in the name of
18 the people of the state of New York to a court or justice having juris-
19 diction by a special proceeding to issue an injunction, and upon notice
20 to the defendant of not less than five days, to enjoin and restrain the
21 continuance of such violations; and if it shall appear to the satisfac-
22 tion of the court or justice that the defendant has, in fact, violated
23 this article, an injunction may be issued by such court or justice,
24 enjoining and restraining any further violation, without requiring proof
25 that any person has, in fact, been injured or damaged thereby. In any
26 such proceeding, the court may make allowances to the attorney general
27 as provided in paragraph six of subdivision (a) of section eighty-three
28 hundred three of the civil practice law and rules, and direct restitu-
29 tion. Whenever the court shall determine that a violation of this arti-
30 cle has occurred, the court shall impose a civil penalty of not less
31 than one thousand dollars and not more than three thousand dollars for
32 each violation. In the case of an automobile broker, not less than one
33 thousand dollars and not more than three thousand dollars for each
34 violation; and in the case of a new automobile broker, not less than
35 four thousand dollars and not more than ten thousand dollars for each
36 violation. In connection with any such proposed application, the attor-
37 ney general is authorized to take proof and make a determination of the
38 relevant facts and to issue subpoenas in accordance with the civil prac-
39 tice law and rules.

40 In connection with any such proposed application, the attorney general
41 is authorized to take proof and make a determination of the relevant
42 facts and to issue subpoenas in accordance with the civil practice law
43 and rules.

44 2. By local authorities. a. Municipalities may, pursuant to local law,
45 act upon the business activity that is the subject of this article,
46 provided that no local government may diminish the protections or
47 requirements of this article or prevent enforcement of its provisions by
48 appropriate state officials.

49 b. The provisions of this article may be enforced in the same manner
50 as set forth in subdivision one of this section by the director of a
51 municipal consumer affairs office or a business integrity commission, or
52 by the town attorney, city corporation counsel, or other lawfully desig-
53 nated enforcement officer of a municipality or local government, and all
54 monies collected thereunder shall be retained by such municipality or
55 local government, provided that no local government may prevent enforce-
56 ment of its provisions by appropriate state officials.

1 3. By private party. Any persons injured by any violation of this
2 article may bring an action in his or her own name against an automobile
3 broker business or a new automobile broker business to enjoin such
4 unlawful act or practice, an action to recover his or her actual damages
5 and statutory damages of four thousand dollars, or both such actions. In
6 the case of a new motor vehicle dealer, injury shall include depriving a
7 new motor vehicle dealer located closest to a lessee or purchaser the
8 opportunity to bid on such lease or purchase as entitled by this arti-
9 cle. Damages shall include the value of incentive payments, bonuses,
10 holdbacks or similar payments that would have been realized had a lessee
11 or purchaser purchased or leased such vehicle from the new motor vehicle
12 dealer in closest proximity to such lessee or purchaser but for the
13 actions of a person who knowingly aided the violation of the provisions
14 of this article. Nothing in this section shall require a franchisor,
15 manufacturer, or distributor to grant a new motor vehicle dealer a bene-
16 fit under an incentive, bonus, holdback or similar payment that the new
17 motor vehicle dealer did not earn or for which the new motor dealer did
18 not complete or qualify. In any such judicial action or proceeding, the
19 court may award reasonable attorney's fees and costs. Such actions may
20 be brought regardless of whether or not the underlying violation is
21 consumer-oriented or has a public impact. The court may, in its
22 discretion, increase the award of damages if the court finds the defend-
23 ant willfully or knowingly violated this section. The court shall award
24 reasonable attorney's fees and costs to a prevailing plaintiff.

25 § 15. Section 415 of the vehicle and traffic law is amended by adding
26 two new subdivisions 21 and 22 to read as follows:

27 21. Penalties and rights of action for failure to obtain a certificate
28 of registration as a new automobile broker pursuant to subdivision
29 three-a and paragraph b-3 of subdivision five of this section. a. The
30 commissioner, or any person designated by him or her, may proceed
31 against a party who has operated as a new automobile broker without
32 certificate of registration in accordance with the provisions of this
33 article, in any one or more proceedings and by order require the offend-
34 ing party to pay the people of this state a penalty in a sum not to
35 exceed two thousand dollars for each violation found to have been
36 committed. Civil penalties assessed under this subdivision shall be paid
37 to the commissioner for deposit into the state treasury, and unpaid
38 civil penalties may be recovered by the commissioner in a civil action
39 in the name of the commissioner. For the purposes of this subdivision, a
40 "violation" shall mean each vehicle sold or leased to a consumer for
41 which the party that failed to obtain certification as a new automobile
42 broker has served as a new automobile broker.

43 b. In addition to any civil action brought by the commissioner or any
44 person appointed by him, any persons injured by any violation of subdi-
45 vision three-a and paragraph b-3 of subdivision five of this section,
46 shall be entitled to sue for and have injunctive relief and damages
47 against, any party in violation of subdivision three-a and paragraph b-3
48 of subdivision five of this section in any court of the state having
49 jurisdiction over the parties. In the case of a new motor vehicle deal-
50 er, injury shall include depriving the new motor vehicle dealer located
51 closest to a lessee or purchaser the opportunity to bid on such lease or
52 purchase as entitled by this article. Damages shall include the value of
53 incentive payments, bonuses, holdbacks or similar payments that would
54 have been realized had a lessee or purchaser purchased or leased such
55 vehicle from the new motor vehicle dealer in closest proximity to such
56 lessee or purchaser but for the actions of a person who knowingly aided

1 the violation of the provisions of this article. Nothing in this subdivi-
2 vision shall require a franchisor, manufacturer, or distributor to grant
3 a new motor vehicle dealer a benefit under an incentive, bonus, holdback
4 or similar payment that the new motor vehicle dealer did not earn or for
5 which the new motor dealer did not complete or qualify. In any such
6 judicial action or proceeding, the court may award reasonable attorney's
7 fees and costs. Such actions may be brought regardless of whether or
8 not the underlying violation is consumer-oriented or has a public
9 impact. The court may, in its discretion, increase the award of damages
10 if the court finds the defendant willfully or knowingly violated this
11 section. The court shall award reasonable attorney's fees and costs to a
12 prevailing plaintiff.

13 22. New automobile broker record requirements. a. New automobile
14 brokers shall maintain a permanently bound book in which shall be
15 recorded the make, model, year color and vehicle identification number
16 of all previously unregistered automobiles for which such broker has
17 provided a service of purchasing, arranging, assisting, facilitating or
18 effecting the purchase or lease of such automobile within any preceding
19 six-year period. Such book shall also have recorded a record of the
20 name and address of the purchaser or lessor of such automobile, the date
21 of sale or commencement of lease of such automobile and the name and
22 address of the dealer from which the automobile was purchased or leased.

23 b. New automobile brokers shall maintain a permanently bound book in
24 which shall be recorded all completed orders to search for a previously
25 unregistered automobile. Such book shall also have recorded a record of
26 the date of such order, the name and address of the person or entity
27 ordering such search, the automobile specifications provided by such
28 prospective buyer or lessee and the name and address of the dealers
29 solicited for a quote or offer on behalf of such prospective buyer or
30 lessee.

31 c. Such books shall be open for inspection by the commissioner, or his
32 or her agent, during reasonable business hours. The commissioner may
33 establish by rule the form of any such book.

34 d. As an alternative to a bound book, a new automobile broker may use
35 a computer and software approved by the department to maintain the
36 records required to be kept by this section, provided all information
37 required by paragraphs a and b of this section are recorded and the
38 records conform to such additional requirements as determined by the
39 commissioner.

40 § 16. Section 465 of the vehicle and traffic law is amended by adding
41 a new subdivision 8 to read as follows:

42 8. A franchisor may require a franchisee to submit to a franchisor the
43 name and registration number of any new automobile broker business that
44 arranged, assisted, facilitated or effected the purchase or lease of any
45 vehicle from such dealer. A franchisor may charge back the franchisee
46 any sales, advertising or marketing incentive payment or any other
47 payment or benefit associated with the sale or lease of such vehicle for
48 failure to submit such information.

49 § 17. The general business law is amended by adding a new section
50 737-a to read as follows:

51 § 737-a. Bona fide bid soliciting required. 1. In providing a service
52 of purchasing, arranging, assisting, facilitating or effecting the
53 purchase or lease of a previously unregistered automobile, a new automo-
54 bile broker business shall solicit bids from at least three unaffiliated
55 new motor vehicle dealers on behalf of a prospective buyer or lessee for
56 a new motor vehicle meeting the specifications of such prospective buyer

1 or lessee, including the new motor vehicle dealer located in closest
2 proximity to the home address of such prospective buyer or lessee or, in
3 the case of an entity, its place of doing business.

4 2. The commissioner of motor vehicles may adopt rules and regulations
5 necessary to effectuate the provisions of this section.

6 § 18. Severability. If any provision of this act, or any application
7 of any provision of this act, is held to be invalid, that shall not
8 affect the validity or effectiveness of any other provision of this act,
9 or of any other application of any provision of this act, which can be
10 given effect without that provision or application; and to that end, the
11 provisions and applications of this act are severable.

12 § 19. This act shall take effect immediately; provided that all auto-
13 mobile brokers registered on the effective date of this act shall have
14 ninety days to come into compliance with the provisions of this act.