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2013-2014 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 9, 2013

Introduced by M. of A. DINOWITZ, GALEF, HOOPER -- Multi-Sponsored by --
M. of A. BRENNAN, CLARK, GIGLIO, GLICK, WEISENBERG -- read once and
referred to the Committee on Consumer Affairs and Protection

AN ACT to amend the general business law, in relation to prohibiting
mailing of credit card applications to persons under twenty-one years
of age

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. The opening paragraph and subdivision 9 of section 520 of
2 the general business law, the opening paragraph as added by chapter 200
3 of the laws of 1987 and subdivision 9 as added by chapter 485 of the
4 laws of 1996, are amended and three new subdivisions 10, 11 and 12 are
5 added to read as follows:
6 [Any] EXCEPT AS PROVIDED IN SUBDIVISION TEN OF THIS SECTION, ANY
7 application form or preapproved written solicitation to enter into a
8 credit card agreement for personal, family, or household purposes which
9 is mailed to an individual residing in this state on or after January
10 first, nineteen hundred eighty-eight, by or on behalf of [a] AN issuer,
11 whether or not the issuer is located in this state, other than an appli-
12 cation form or solicitation included in a magazine, newspaper, or other
13 publication distributed by someone other than the issuer, and, any
14 application primarily for a credit card to be used for personal, family
15 or household purposes which is distributed or made available in this
16 state to a resident of this state on or after January first, nineteen
17 hundred eighty-eight in an office or other place of business owned or
18 operated by the issuer, shall contain the following disclosures in chart
19 form and shall put chart headings in bold face type of at least ten
20 point in size and material inside the chart of at least eight point type
21 in size. Such chart shall use substantially the same format and termi-
22 nology shown below. In completing the chart with the information

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

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1 required for each category, the guidelines hereinafter contained in the
 2 corresponding subdivisions numbered one through four shall be utilized:

3	4	5	6	7	8	9	10	11
	Annual Percentage Rate (1)	Variable Rate Index and Spread (1a)	Annualized Membership Fee (2)	Grace Period for Purchases (3)	Cash Advance Fee, Trans- action Fee, Late Fee, and Over-the- Limit Fees(4)			
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20 (9) [Any] EXCEPT AS PROVIDED IN SUBDIVISION TEN OF THIS SECTION, ANY
 21 application form or preapproved written solicitation to enter into a
 22 retail installment credit agreement in which the retail seller or
 23 financing agency may take or retain a purchase money security interest,
 24 as set forth in paragraph (c) of subdivision twelve of section four
 25 hundred thirteen of the personal property law, which is mailed or other-
 26 wise made available to an individual residing in this state on or after
 27 the effective date of this subdivision, by or on behalf of an issuer,
 28 whether or not the issuer is located in this state, other than an appli-
 29 cation form or solicitation included in a magazine, newspaper, or other
 30 publication distributed by someone other than the issuer, shall contain
 31 a clear and conspicuous written notice or disclosure to the buyer that
 32 the retail seller or financing agency has or may retain a security
 33 interest in merchandise covered under paragraph (c) of subdivision
 34 twelve of section four hundred thirteen of the personal property law
 35 until the full payment price of said merchandise is paid. Further
 36 provided, however, in all instances, said written notice must be
 37 provided to any buyer prior to the first transaction made under any such
 38 retail installment credit agreement in which a security interest has
 39 been or may be taken or retained.

40 (10) EXCEPT AS PROVIDED IN SUBDIVISION TWELVE OF THIS SECTION, IT
 41 SHALL BE UNLAWFUL FOR ANY FINANCIAL INSTITUTION, RETAIL MERCHANT OR
 42 OTHER PERSON TO MAIL OR OTHERWISE DELIVER ANY CREDIT CARD APPLICATION,
 43 PREAPPROVED WRITTEN SOLICITATION OR CREDIT CARD IN THIS STATE TO ANY
 44 PERSON UNDER TWENTY-ONE YEARS OF AGE.

45 (11) UPON CONVICTION OF A VIOLATION OF THIS SECTION, A FINE OF NO MORE
 46 THAN ONE THOUSAND DOLLARS PER OCCURRENCE SHALL BE IMPOSED.

47 (12) THIS SECTION SHALL NOT APPLY TO ANY CREDIT CARD APPLICATION,
 48 PREAPPROVED WRITTEN SOLICITATION OR CREDIT CARD WHEN MAILED OR OTHERWISE
 49 DELIVERED EITHER:

50 (A) IN RESPONSE TO A REQUEST OR APPLICATION FOR A CREDIT CARD; OR
 51 (B) AS A REPLACEMENT FOR A CREDIT CARD PREVIOUSLY ISSUED TO THE PERSON
 52 TO WHOM THE CREDIT CARD IS SHIPPED OR MAILED.

53 S 2. This act shall take effect on the one hundred eightieth day after
 54 it shall have become a law.