

STATE OF NEW YORK

2407--A

2019-2020 Regular Sessions

IN SENATE

January 24, 2019

Introduced by Sens. COMRIE, KRUEGER, PARKER, SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to standing for persons affected by prohibited or unlawful business practices

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

1 Section 1. Section 349 of the general business law, as added by chap-
2 ter 43 of the laws of 1970, subdivision (h) as amended by chapter 157 of
3 the laws of 1984, and subdivision (j) as added by section 6 of part HH
4 of chapter 55 of the laws of 2014, is amended to read as follows:

5 § 349. [~~Deceptive acts~~] Prohibited acts and practices unlawful. (a)
6 [~~Deceptive~~] This section prohibits any unfair, deceptive or abusive acts
7 or practices in the conduct of any business, trade or commerce or in the
8 furnishing of any service [~~in this state are hereby declared unlawful~~].

9 (1) For the purposes of this section, an act or practice is unfair
10 when:

11 (i) it causes or is likely to cause substantial injury, the injury is
12 not reasonably avoidable, and the injury is not outweighed by counter-
13 vailing benefits; or

14 (ii) it takes unreasonable advantage of the inability of a person to
15 protect his or her interests because of the person's infirmity, illiter-
16 acy or inability to understand the language of an agreement.

17 (2) For the purposes of this section, an act or practice is deceptive
18 when the act or practice misleads or is likely to mislead a person and
19 the person's interpretation is reasonable under the circumstances.

20 (3) For the purposes of this section, an act or practice is abusive
21 when:

22 (i) it materially interferes with the ability of a person to under-
23 stand a term or condition of a consumer financial product or service; or

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

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1 (ii) takes unreasonable advantage of:

2 (A) a person's lack of understanding of the material risks, costs, or
3 conditions of the product or service;

4 (B) a person's inability to protect his or her interests in selecting
5 or using a consumer financial product or service; or

6 (C) a person's reasonable reliance on a person covered by this section
7 to act in his or her interests.

8 (b) Whenever the attorney general shall believe from evidence satis-
9 factory to him or her that any person, firm, corporation or association
10 or agent or employee thereof has engaged in or is about to engage in any
11 of the acts or practices stated to be unfair, unlawful, deceptive or
12 abusive, he or she may bring an action in the name and on behalf of the
13 people of the state of New York to enjoin such unlawful acts or prac-
14 tices and to obtain restitution of any moneys or property obtained
15 directly or indirectly by any such unlawful acts or practices. In such
16 action preliminary relief may be granted under article sixty-three of
17 the civil practice law and rules.

18 (c) Before any violation of this section is sought to be enjoined, the
19 attorney general shall be required to give the person against whom such
20 proceeding is contemplated notice by certified mail and an opportunity
21 to show in writing within five business days after receipt of notice why
22 proceedings should not be instituted against him or her, unless the
23 attorney general shall find, in any case in which he or she seeks
24 preliminary relief, that to give such notice and opportunity is not in
25 the public interest.

26 (d) In any such action it shall be a complete defense that the act or
27 practice is, or if in interstate commerce would be, subject to and
28 complies with the rules and regulations of, and the statutes adminis-
29 tered by, the federal trade commission or any official department, divi-
30 sion, commission or agency of the United States as such rules, regu-
31 lations or statutes are interpreted by the federal trade commission or
32 such department, division, commission or agency or the federal courts.

33 (e) Nothing in this section shall apply to any television or radio
34 broadcasting station or to any publisher or printer of a newspaper,
35 magazine or other form of printed advertising, who broadcasts,
36 publishes, or prints the advertisement.

37 (f) In connection with any proposed proceeding under this section, the
38 attorney general is authorized to take proof and make a determination of
39 the relevant facts, and to issue subpoenas in accordance with the civil
40 practice law and rules.

41 (g) This section shall apply to all [~~deceptive~~] prohibited acts [~~or~~]
42 and practices [~~declared to be unlawful~~], whether or not subject to any
43 other law of this state, and shall not supersede, amend or repeal any
44 other law of this state under which the attorney general is authorized
45 to take any action or conduct any inquiry.

46 (h) (1) In addition to the right of action granted to the attorney
47 general pursuant to this section, any person who has been injured by
48 reason of any violation of this section may bring an action in his or
49 her own name to enjoin such unlawful act or practice, an action to
50 recover his or her actual damages [~~or fifty~~] and statutory damages of
51 two thousand dollars, [~~whichever is greater,~~] or both such actions. Such
52 actions may be brought regardless of whether or not the underlying
53 violation is consumer-oriented or has a public impact. The court may, in
54 its discretion, increase the award of damages [~~to an amount not to~~
55 ~~exceed three times the actual damages up to one thousand dollars,~~] if
56 the court finds the defendant willfully or knowingly violated this

1 section. The court [~~may~~] shall award reasonable attorney's fees and
2 costs to a prevailing plaintiff.

3 [~~(j)~~] (i) For purposes of this section, a "person" is defined as an
4 individual, firm, corporation, partnership, cooperative, association,
5 coalition or any other organization's legal entity, or group of individ-
6 uals however organized;

7 (ii) Given the remedial nature of this section, standing to bring an
8 action under this section, including but not limited to organizational
9 standing and third-party standing, shall be liberally construed and
10 shall be available to the fullest extent otherwise permitted by law.

11 (2) Any person entitled to bring an action under this article may, if
12 the prohibited act or practice has caused damage to others similarly
13 situated, bring an action on behalf of himself or herself and such
14 others to recover actual, statutory and/or punitive damages or obtain
15 other relief as provided for in this article. Thus, any action brought
16 under this subdivision shall comply with article nine of the civil prac-
17 tice law and rules.

18 (3) An organization may bring an action under this section, on behalf
19 of itself or any of its members, or on behalf of those members of the
20 general public who have been injured by reason of any violation of this
21 section, including a violation involving goods or services that the
22 organization purchased or received in order to test or evaluate quali-
23 ties pertaining to use for personal, household, or family purposes. An
24 organization may seek the same remedies and damages that a person may
25 seek under paragraph one of this subdivision.

26 (i) Notwithstanding any law to the contrary, all monies recovered or
27 obtained under this article by a state agency or state official or
28 employee acting in their official capacity shall be subject to subdivi-
29 sion eleven of section four of the state finance law.

30 § 2. Section 389-c of the general business law, as added by chapter
31 309 of the laws of 1996, is amended to read as follows:

32 § 389-c. Special application of section three hundred forty-nine of
33 this chapter. In addition to the power set forth in subdivision (b) of
34 section three hundred forty-nine of this chapter, the attorney general
35 shall have the power to assess a fine of up to one thousand dollars for
36 each violation of this article[~~, and the defense under subdivision (d)~~
37 ~~of section three hundred forty nine of this chapter shall not be avail-~~
38 ~~able in connection with any violation of this article].~~

39 § 3. This act shall take effect on the sixtieth day after it shall
40 have become a law.