

# STATE OF NEW YORK

7553--A

2023-2024 Regular Sessions

## IN SENATE

June 5, 2023

Introduced by Sens. THOMAS, SCARCELLA-SPANTON -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Consumer Protection in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

1 Section 1. Subdivision 1 of section 736 of the general business law,  
2 as amended by chapter 28 of the laws of 2018, is amended to read as  
3 follows:  
4 1. "Automobile broker business" means any person who, for a fee,  
5 commission or other valuable consideration, regardless of whether such  
6 fee, commission, or consideration is paid directly by a consumer, offers  
7 to provide, provides, or represents that [~~he or she~~] such automobile  
8 broker business will provide a service of purchasing, arranging, assist-  
9 ing, facilitating or effecting the purchase or lease of an automobile as  
10 agent, broker, or intermediary for a consumer. "Automobile broker busi-  
11 ness" does not include any person registered as a dealer pursuant to  
12 article sixteen of the vehicle and traffic law, only when operating in a  
13 manner pursuant to such registration under article sixteen of the vehi-  
14 cle and traffic law, any person registered under section four hundred  
15 fifteen-a of the vehicle and traffic law, only when operating in a  
16 manner described in section four hundred fifteen-a of the vehicle and  
17 traffic law, an automobile auctioneer, only when operating in the manner  
18 described in section twenty-three of this chapter, nor any bona fide  
19 employee of a registered dealer while acting for such dealer, or any  
20 person who sells, offers for sale or lease or acts as agent, broker or  
21 intermediary in effecting the purchase or lease of three or fewer auto-  
22 mobiles in any calendar year, any national service which aggregates

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

LBD11745-02-4

1 information for consumers, but does not otherwise have contact with  
2 consumers, or any motor vehicle franchisor, manufacturer, [~~ex~~] distribu-  
3 tor, distributor branch or factory branch registered under article  
4 sixteen of the vehicle and traffic law.

5 § 2. Section 736 of the general business law is amended by adding a  
6 new subdivision 4 to read as follows:

7 4. "Place of business" means a designated permanent location at which  
8 the business of the automobile broker business is conducted.

9 § 3. The general business law is amended by adding a new section 736-b  
10 to read as follows:

11 § 736-b. Place of business required. 1. No person shall engage in  
12 business as an automobile broker business, as defined in section seven  
13 hundred thirty-six of this article, without maintaining a place of busi-  
14 ness.

15 2. The certificate of registration for an automobile broker business  
16 pursuant to paragraph c of subdivision seven of section four hundred  
17 fifteen of the vehicle and traffic law shall be amended within thirty  
18 days of a change of address of an automobile broker business to reflect  
19 the new address of its place of business.

20 § 4. Subdivision 1 and the opening paragraph of subdivision 2 of  
21 section 738 of the general business law, subdivision 1 and the opening  
22 paragraph of subdivision 2 as added by chapter 616 of the laws of 1988,  
23 the opening paragraph and paragraph (e) of subdivision 1 as amended by  
24 chapter 28 of the laws of 2018, and paragraphs (f) and (g) of subdivi-  
25 sion 1 as amended by chapter 477 of the laws of 2017, are amended to  
26 read as follows:

27 1. Prior to the purchase or lease of an automobile, the consumer and  
28 the automobile broker business shall enter into a contract. Every  
29 contract between a consumer and an automobile broker business for the  
30 purchase or lease of an automobile shall be in writing, shall be dated,  
31 shall contain the street address of the place of business of the automo-  
32 bile broker business, the registration number issued to the automobile  
33 broker business pursuant to section four hundred fifteen of the vehicle  
34 and traffic law and the name and address of the consumer and shall be  
35 signed by the consumer and by the automobile broker business. Every  
36 contract shall comply with the requirements set forth in this section  
37 and contain the following:

38 (a) A complete description of the automobile and each option, if any,  
39 ordered; a statement of whether the automobile is or will be manufac-  
40 tured in accordance with United States specifications and is or will be  
41 certified by the manufacturer as such; if the automobile is not or will  
42 not be manufactured in accordance with United States safety and environ-  
43 mental specifications, and the consumer has retained the automobile  
44 broker business to arrange for the modification of the automobile to  
45 meet such specifications, the name and street address of the modifica-  
46 tion facility and a statement in immediate proximity to such information  
47 that the automobile broker business assumes full financial responsibil-  
48 ity that the automobile will be properly modified to meet all United  
49 States safety and environmental specifications.

50 (b) The price of the automobile including any options ordered. If the  
51 price set forth is an estimated price, a statement in immediate proximi-  
52 ty to the price that the price is an estimated price only and that the  
53 consumer has the right to cancel the contract and to receive a full  
54 refund if the final price exceeds the estimated price by more than five  
55 percent.

1 (c) The estimated delivery date of the automobile and the place of  
2 delivery and a statement in immediate proximity to the estimated deliv-  
3 ery date that, if the automobile has not been delivered in accordance  
4 with the contract within thirty days following such estimated delivery  
5 date, the consumer has the right to cancel the contract and to receive a  
6 full refund, unless the delay in delivery is attributable to the consum-  
7 er.

8 (d) A statement of whether or not the manufacturer's warranty accompa-  
9 nying the automobile is the same warranty as that furnished to purchas-  
10 ers of that make automobile from an authorized dealer located in the  
11 United States.

12 (e) A statement that the broker shall only accept payment for their  
13 services from either the dealer selling or leasing the automobile or the  
14 buyer or lessee of the automobile, but may not accept payment from both.

15 (f) A statement that the consumer has the option to take delivery of a  
16 motor vehicle at the selling or leasing dealership.

17 (g) A description of any other services and an itemization of the  
18 charges for each. Such description shall include disclosure of the auto-  
19 mobile dealer from which the automobile was purchased or leased, as well  
20 as all fees, commissions or other valuable considerations paid by an  
21 automobile dealer to the automobile broker business for selling, arrang-  
22 ing, assisting or effecting the sale or lease of an automobile as agent,  
23 broker, or intermediary between the consumer and the automobile dealer.

24 [~~(f)~~] (h) If a consumer elects to cancel the contract pursuant to  
25 paragraph (b) or (c) of this subdivision, he or she shall notify in  
26 writing the automobile broker business at the address specified in the  
27 contract. The automobile broker business shall make a full refund to the  
28 consumer within ten business days following receipt of the request for a  
29 refund. The contract shall contain a statement, setting forth the  
30 consumer's right to cancel the contract under paragraphs (b) and (c) of  
31 this subdivision and the refund obligations of the automobile broker  
32 business.

33 [~~(g)~~] (i) The statements required by paragraphs (a), (b), (c), [~~and~~]  
34 (e), (f), (g) and (h) of this subdivision shall be printed in at least  
35 [~~ten~~] twelve point bold type.

36 The contract shall be accompanied by a completed form in duplicate,  
37 captioned "Notice of Cancellation" which shall be attached to the  
38 contract and easily detachable, and which shall contain in at least  
39 [~~ten~~] twelve point type the following:

40 § 5. Section 741-a of the general business law, as amended by chapter  
41 477 of the laws of 2017, is amended to read as follows:

42 § 741-a. Advertising. 1. Automobile broker businesses shall clearly  
43 and conspicuously disclose the following in all advertisements in any  
44 medium, and in any print advertisement such disclosures shall not appear  
45 in any footnotes and shall be situated in the top half of any such  
46 advertisement in an easily readable typeface:

47 (a) That the automobile broker business is not a registered new motor  
48 vehicle dealer but is a registered automobile broker business as defined  
49 in section four hundred fifteen of the vehicle and traffic law;

50 (b) The registration number issued to the automobile broker business  
51 pursuant to section four hundred fifteen of the vehicle and traffic law;

52 (c) Whether any fees may be imposed by the automobile broker business  
53 for services rendered. Details of such compensation shall be provided by  
54 the automobile broker business upon request by the consumer; [~~and~~]

55 (d) That no warranty repair services will be provided by the automo-  
56 bile broker business; and

1 (e) That the automobile broker business is not affiliated with any  
2 manufacturer, dealership, or dealership group.

3 2. The official business certificate of registration shall be clearly  
4 and conspicuously displayed at the place of business of an automobile  
5 broker business.

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

8 § 741-c. Private information security. In addition to the requirements  
9 of subdivision twenty-one of section four hundred fifteen of the vehicle  
10 and traffic law, an automobile broker business shall:

11 1. keep and maintain all consumer records containing private informa-  
12 tion in a safe place that is not accessible to persons not employed by  
13 the automobile broker business, including by keeping and maintaining a  
14 clear and permanent physical barrier from other businesses that share or  
15 neighbor its place of business;

16 2. have a separate mailbox at such place of business for the automo-  
17 bile broker business; and

18 3. have a method of securing personal information, including but not  
19 limited to in a locking cabinet or safe.

20 § 7. Section 415 of the vehicle and traffic law is amended by adding  
21 four new subdivisions 22, 23, 24 and 25 to read as follows:

22 22. Compliance. All dealers and automobile broker businesses regis-  
23 tered under subdivisions three and three-a of this section shall certify  
24 and attest to compliance with sections three hundred ninety-nine-cc, as  
25 added by chapter 655 of the laws of 2005, three hundred ninety-nine-dd,  
26 as added by chapter 487 of the laws of 2006, three hundred ninety-nine-  
27 ddd, three hundred ninety-nine-h, three hundred ninety-nine-oo, three  
28 hundred ninety-nine-p, three hundred ninety-nine-pp, eight hundred nine-  
29 ty-nine-bb of the general business law, and part three hundred fourteen  
30 of title sixteen of the code of federal regulations as applicable.

31 23. Automobile broker record requirements. (a) For each completed  
32 transaction and within three business days of consummation thereof,  
33 automobile brokers shall maintain a permanent paper file record that  
34 clearly evidences and records the make, model, year, color and vehicle  
35 identification number of all previously unregistered motor vehicles for  
36 which such broker has provided a service of purchasing, arranging,  
37 assisting, facilitating or effecting the purchase or lease of such motor  
38 vehicle. Such records shall be maintained for a six-year period after  
39 consummation of the transaction. Such records shall also include the  
40 name and address of the purchaser or lessee of such motor vehicle, the  
41 date of sale or commencement of lease with respect to such motor vehicle  
42 and the name and address of the dealer from which the motor vehicle was  
43 purchased or leased.

44 (b) The records maintained by the automobile broker businesses shall  
45 include a copy of the dealer rate sheets received by the automobile  
46 broker from the dealers that were relied upon by the automobile broker  
47 in connection with such transaction.

48 (c) Such records shall be open for inspection by the commissioner, or  
49 his or her agent, during reasonable business hours.

50 (d) As an alternative to paper file records, an automobile broker may  
51 use a computer and appropriate software to maintain the records required  
52 to be kept by this section, provided all information required by para-  
53 graphs (a) and (b) of this subdivision are duly recorded and maintained  
54 in accordance with this subdivision.

55 24. Maintenance records. For each sale or lease of a motor vehicle  
56 that involves an automobile broker business, the dealer must obtain

1 evidence of the automobile broker business' registration and the  
2 broker's registration number and maintain such records in the deal jack-  
3 et for each transaction which also shall contain the purchase order,  
4 copies of the title and registration documents, the bill of sale and the  
5 retail installment sale contract required under article ten of the  
6 personal property law or the retail lease agreement required under arti-  
7 cle nine-A of the personal property law.

8 25. Broker compensation. No dealer may offer or pay an automobile  
9 broker business any fee, or commission, other than compensation  
10 disclosed pursuant to section seven hundred thirty-eight or seven  
11 hundred forty-one-b of the general business law or section three hundred  
12 two or three hundred thirty-seven of the personal property law;  
13 provided, however, that the automobile broker business may not accept  
14 any such fee or commission from the dealer if the broker has or will  
15 accept payment from the buyer or lessee of the automobile.

16 § 8. The general business law is amended by adding a new section 745  
17 to read as follows:

18 § 745. Preemption. The provisions of this article and section four  
19 hundred fifteen of the vehicle and traffic law shall govern the require-  
20 ments and obligations with respect to the automobile broker business  
21 notwithstanding any other law to the contrary. No local or municipal law  
22 shall be enacted which shall impose any different or other obligations  
23 on the automobile broker business including a requirement of any fee or  
24 license for the automobile broker business.

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

27 § 741-b. Disclosure. An automobile broker business shall provide a  
28 disclosure at the time such automobile broker business takes an order to  
29 search for a leased or purchased vehicle meeting the prospective  
30 lessee's specifications. Such disclosure shall provide the amount of any  
31 fees, commissions or other valuable consideration the automobile broker  
32 business expects to receive, if known, from a dealer, lessor or any  
33 other person or entity for any assistance the automobile broker business  
34 provides in effecting the lease or purchase transaction. If the amount  
35 of any such fees, commissions or other valuable consideration the auto-  
36 mobile broker business expects to receive is unknown at the time of the  
37 required disclosure, the automobile broker business shall disclose: (a)  
38 whether it has a contract with any dealer, lessor or any other person or  
39 entity for the provision of assistance in effecting a lease or purchase  
40 transaction; [~~and~~] (b) [~~whether~~] that the automobile broker business  
41 [~~may~~] shall be compensated by the dealer, lessor or any other person or  
42 entity for any assistance in effecting such lease transaction; and (c)  
43 that the amount of any such fees, commissions or other valuable consid-  
44 eration the automobile broker business receives, whether from the dealer  
45 or the buyer of the automobile, shall be disclosed on the executed lease  
46 or purchase contract or finance agreement pursuant to section three  
47 hundred two or three hundred thirty-seven of the personal property law.

48 § 10. The general business law is amended by adding a new section  
49 741-d to read as follows:

50 § 741-d. Prohibited acts. An automobile broker business is prohibited  
51 from:

52 1. advertising that such automobile broker business has any new auto-  
53 mobile in stock;

54 2. advertising any price figure in an advertisement unless such figure  
55 represents the actual price of the advertised automobile, exclusive of  
56 registration and titles, fees and taxes;

1 3. starting, completing, or answering any portion of a financing or  
2 credit application or the lease or purchase agreement of an automobile,  
3 on behalf of a consumer or dealer, without including on or affixing to  
4 such application or agreement, the name and registration number of the  
5 automobile broker business; and

6 4. accepting any payment other than that disclosed under section seven  
7 hundred thirty-eight or seven hundred forty-one-b of this article,  
8 whether from the dealer or buyer of the automobile.

9 § 11. Section 743 of the general business law, as amended by chapter  
10 372 of the laws of 2016, is amended to read as follows:

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

32 2. The provisions of this article may be enforced concurrently by a  
33 municipal consumer affairs office.

34 § 12. Severability. If any clause, sentence, paragraph, subdivision,  
35 section or part of this act shall be adjudged by any court of competent  
36 jurisdiction to be invalid, such judgment shall not affect, impair, or  
37 invalidate the remainder thereof, but shall be confined in its operation  
38 to the clause, sentence, paragraph, subdivision, section or part thereof  
39 directly involved in the controversy in which such judgment shall have  
40 been rendered. It is hereby declared to be the intent of the legislature  
41 that this act would have been enacted even if such invalid provisions  
42 had not been included herein.

43 § 13. This act shall take effect on the one hundred eightieth day  
44 after it shall have become a law. Effective immediately, the addition,  
45 amendment and/or repeal of any rule or regulation necessary for the  
46 implementation of this act on its effective date are authorized to be  
47 made and completed on or before such effective date.