

STATE OF NEW YORK

10762--A

IN ASSEMBLY

April 1, 2026

Introduced by M. of A. BUTTENSCHON -- 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

AN ACT to amend the general business law, in relation to certain procedural protections granted to third-party sellers and seller profiles of online marketplaces

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

1 Section 1. The general business law is amended by adding a new article
2 48 to read as follows:

ARTICLE 48

FAIR AND TIMELY PROCESS FOR SUSPENDING THIRD-PARTY SELLERS AND SELLER PROFILES OF ONLINE MARKETPLACES

Section 1705. Definitions.

7 1706. Third-party seller and seller profile pre-suspension warn-
8 ing period.

9 1707. Third-party seller and seller profile suspension and
10 appeals processes.

11 1708. Enforcement and penalties.

§ 1705. Definitions. As used in this article:

13 1. "Online marketplace" means any person or entity that operates a
14 consumer-directed electronically based or accessed platform that
15 includes features that allow for, facilitate, or enable third-party
16 sellers and/or seller profiles to engage in the advertisement, display,
17 sale, purchase, payment, storage, shipping, and/or delivery of a consum-
18 er product in New York state; and is used by one or more third-party
19 sellers and/or seller profiles for such purposes.

20 2. "Third-party seller" means any person or entity, independent of an
21 online marketplace, who sells, offers to sell, or contracts to sell a
22 consumer product in New York state through such online marketplace's
23 platform.

24 3. "Seller profile" means any person or entity, independent of an
25 online marketplace, that uses an online marketplace to showcase or

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

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1 otherwise advertise its business information in order to independently
2 solicit sales of consumer product.

3 4. "Consumer product" means any tangible personal property which is
4 advertised and/or distributed in commerce by a third-party seller or
5 seller profile through an online marketplace.

6 5. "Suspension" means action taken by an online marketplace to tempo-
7 rarily or permanently block selling privileges of third-party sellers or
8 seller profiles for alleged or actual policy or code of conduct
9 violations, performance issues, or account integrity problems, including
10 but not limited to product quality or authenticity, intellectual proper-
11 ty infringement, customer complaints or feedback, late shipments,
12 cancellations, pricing or listing issues, or customer service.

13 § 1706. Third-party seller and seller profile pre-suspension warning
14 period. 1. No online marketplace shall suspend a third-party seller or
15 seller profile without first providing a two-week warning period in
16 which the online marketplace:

17 (a) notifies the third-party seller or seller profile with reasonable
18 documentation and details related to any and all infractions used to
19 justify a particular suspension;

20 (b) allows the third-party seller or seller profile to offer any
21 defense or justification against alleged or actual culpability, as well
22 as the ability to cure any and all infractions that are used to justify
23 a particular suspension; and

24 (c) provides a reasonable response to any correspondence, communi-
25 cation, or outreach by a third-party seller or seller profile.

26 2. Such two-week warning period shall begin when an online marketplace
27 provides a third-party seller or seller profile with the notification
28 required in paragraph (a) of subdivision one of this section and may be
29 extended at the online marketplace's discretion in order to allow the
30 third-party seller or seller profile to cure any and all infractions for
31 the purposes of avoiding such suspension.

32 3. Where an online marketplace reasonably believes a third-party sell-
33 er or seller profile is engaged in imminent illegal activity, fraud,
34 deceit, misrepresentation, or similar abuses or deceptive practices with
35 impending effects to consumers within the marketplace, such online
36 marketplace may limit the third-party seller's or seller profile's
37 account capabilities during such two-week warning period.

38 § 1707. Third-party seller and seller profile suspension and appeals
39 processes. 1. An online marketplace shall designate a representative to
40 liaise with a third-party seller or seller profile who is actively
41 suspended or pending suspension, as well as provide such represen-
42 tative's contact information to such third-party seller or seller
43 profile. Such representative shall be within the online marketplace's
44 decision making department for suspensions and shall maintain consist-
45 ent, direct communication with a suspended third-party seller or seller
46 profile to work to resolve the issue leading to suspension.

47 2. A suspended third-party seller or seller profile shall have the
48 right to appeal the determination of the online marketplace in seeking
49 account reinstatement. Such appeals shall be acknowledged by the online
50 marketplace within one week of the appeal being made. An online market-
51 place shall acknowledge and reasonably respond to a suspended third-par-
52 ty seller's or seller profile's appeal within one week of the appeal's
53 submission.

54 3. Upon a final determination by the online marketplace to permanently
55 suspend a third-party seller or seller profile, the online marketplace
56 shall provide any and all documents and information detailing alleged or

1 actual infractions used to justify a particular suspension that have not
2 previously been shared with the third-party seller or seller profile as
3 set forth in section seventeen hundred six of this article, which may
4 additionally be utilized and considered for the purposes of any subse-
5 quent legal action or dispute resolution process.

6 4. An online marketplace is prohibited from seizing or holding a
7 suspended third-party seller's or seller profile's consumer products
8 that are otherwise unrelated to any and all infractions used to justify
9 a particular suspension.

10 5. A suspended third-party seller or seller profile shall have the
11 right to recall all consumer products from an online marketplace's
12 possession that are listed for sale through such online marketplace that
13 are otherwise unrelated to any and all infractions used to justify a
14 particular suspension.

15 6. An online marketplace is prohibited from holding or seizing funds
16 from suspended third-party sellers or seller profiles that were gener-
17 ated from sales of consumer products unrelated to any and all infrac-
18 tions used to justify a particular suspension.

19 § 1708. Enforcement and penalties. Any third-party seller or seller
20 profile who has been injured by reason of any violation of this article
21 may bring an action in such person's or entity's own name against an
22 online marketplace to enjoin such unlawful act or practice, an action to
23 recover such person's or entity's actual damages or fifty dollars,
24 whichever is greater, or both such actions. The court may, in its
25 discretion, increase the award of damages to an amount not to exceed
26 three times the actual damages if the court finds the defendant willful-
27 ly or knowingly violated this article. The court may award reasonable
28 attorney's fees to a prevailing plaintiff.

29 § 2. This act shall take effect on the ninetieth day after it shall
30 have become a law.