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HOUSE BILL NO. 1614

Offered January 12, 2011

Prefiled January 7, 2011

A BILL to amend and reenact § 59.1-200 of the Code of Virginia and to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 47.1, consisting of sections numbered 59.1-532.1, 59.1-532.2, and 59.1-532.3, relating to general-use prepaid card disclosures; penalties.

Patron—Ward

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 59.1-200 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 47.1, consisting of sections numbered 59.1-532.1, 59.1-532.2, and 59.1-532.3, as follows:

§ 59.1-200. Prohibited practices.

A. The following fraudulent acts or practices committed by a supplier in connection with a consumer transaction are hereby declared unlawful:

1. Misrepresenting goods or services as those of another;
2. Misrepresenting the source, sponsorship, approval, or certification of goods or services;
3. Misrepresenting the affiliation, connection, or association of the supplier, or of the goods or services, with another;

4. Misrepresenting geographic origin in connection with goods or services;

5. Misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits;

6. Misrepresenting that goods or services are of a particular standard, quality, grade, style, or model;

7. Advertising or offering for sale goods that are used, secondhand, repossessed, defective, blemished, deteriorated, or reconditioned, or that are "seconds," irregulars, imperfects, or "not first class," without clearly and unequivocally indicating in the advertisement or offer for sale that the goods are used, secondhand, repossessed, defective, blemished, deteriorated, reconditioned, or are "seconds," irregulars, imperfects or "not first class";

8. Advertising goods or services with intent not to sell them as advertised, or with intent not to sell at the price or upon the terms advertised.

In any action brought under this subdivision, the refusal by any person, or any employee, agent, or servant thereof, to sell any goods or services advertised or offered for sale at the price or upon the terms advertised or offered, shall be prima facie evidence of a violation of this subdivision. This paragraph shall not apply when it is clearly and conspicuously stated in the advertisement or offer by which such goods or services are advertised or offered for sale, that the supplier or offeror has a limited quantity or amount of such goods or services for sale, and the supplier or offeror at the time of such advertisement or offer did in fact have or reasonably expected to have at least such quantity or amount for sale;

9. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

10. Misrepresenting that repairs, alterations, modifications, or services have been performed or parts installed;

11. Misrepresenting by the use of any written or documentary material that appears to be an invoice or bill for merchandise or services previously ordered;

12. Notwithstanding any other provision of law, using in any manner the words "wholesale," "wholesaler," "factory," or "manufacturer" in the supplier's name, or to describe the nature of the supplier's business, unless the supplier is actually engaged primarily in selling at wholesale or in manufacturing the goods or services advertised or offered for sale;

13. Using in any contract or lease any liquidated damage clause, penalty clause, or waiver of defense, or attempting to collect any liquidated damages or penalties under any clause, waiver, damages, or penalties that are void or unenforceable under any otherwise applicable laws of the Commonwealth, or under federal statutes or regulations;

14. Using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction;

15. Violating any provision of § 3.2-6512, 3.2-6513, or 3.2-6516, relating to the sale of certain animals by pet dealers which is described in such sections, is a violation of this chapter;

16. Failing to disclose all conditions, charges, or fees relating to:

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59 a. The return of goods for refund, exchange, or credit. Such disclosure shall be by means of a sign
60 attached to the goods, or placed in a conspicuous public area of the premises of the supplier, so as to be
61 readily noticeable and readable by the person obtaining the goods from the supplier. If the supplier does
62 not permit a refund, exchange, or credit for return, he shall so state on a similar sign. The provisions of
63 this subdivision shall not apply to any retail merchant who has a policy of providing, for a period of not
64 less than 20 days after date of purchase, a cash refund or credit to the purchaser's credit card account
65 for the return of defective, unused, or undamaged merchandise upon presentation of proof of purchase.
66 In the case of merchandise paid for by check, the purchase shall be treated as a cash purchase and any
67 refund may be delayed for a period of 10 banking days to allow for the check to clear. This subdivision
68 does not apply to sale merchandise that is obviously distressed, out of date, post season, or otherwise
69 reduced for clearance; nor does this subdivision apply to special order purchases where the purchaser
70 has requested the supplier to order merchandise of a specific or unusual size, color, or brand not
71 ordinarily carried in the store or the store's catalog; nor shall this subdivision apply in connection with a
72 transaction for the sale or lease of motor vehicles, farm tractors, or motorcycles as defined in
73 § 46.2-100;

74 b. A layaway agreement. Such disclosure shall be furnished to the consumer (i) in writing at the time
75 of the layaway agreement, or (ii) by means of a sign placed in a conspicuous public area of the
76 premises of the supplier, so as to be readily noticeable and readable by the consumer, or (iii) on the bill
77 of sale. Disclosure shall include the conditions, charges, or fees in the event that a consumer breaches
78 the agreement;

79 16a. Failing to provide written notice to a consumer of an existing open-end credit balance in excess
80 of \$5 (i) on an account maintained by the supplier and (ii) resulting from such consumer's overpayment
81 on such account. Suppliers shall give consumers written notice of such credit balances within 60 days of
82 receiving overpayments. If the credit balance information is incorporated into statements of account
83 furnished consumers by suppliers within such 60-day period, no separate or additional notice is required;

84 17. If a supplier enters into a written agreement with a consumer to resolve a dispute that arises in
85 connection with a consumer transaction, failing to adhere to the terms and conditions of such an
86 agreement;

87 18. Violating any provision of the Virginia Health Spa Act, Chapter 24 (§ 59.1-294 et seq.) of this
88 title;

89 19. Violating any provision of the Virginia Home Solicitation Sales Act, Chapter 2.1 (§ 59.1-21.1 et
90 seq.) of this title;

91 20. Violating any provision of the Automobile Repair Facilities Act, Chapter 17.1 (§ 59.1-207.1 et
92 seq.) of this title;

93 21. Violating any provision of the Virginia Lease-Purchase Agreement Act, Chapter 17.4
94 (§ 59.1-207.17 et seq.) of this title;

95 22. Violating any provision of the Prizes and Gifts Act, Chapter 31 (§ 59.1-415 et seq.) of this title;

96 23. Violating any provision of the Virginia Public Telephone Information Act, Chapter 32
97 (§ 59.1-424 et seq.) of this title;

98 24. Violating any provision of § 54.1-1505;

99 25. Violating any provision of the Motor Vehicle Manufacturers' Warranty Adjustment Act, Chapter
100 17.6 (§ 59.1-207.34 et seq.) of this title;

101 26. Violating any provision of § 3.2-5627, relating to the pricing of merchandise;

102 27. Violating any provision of the Pay-Per-Call Services Act, Chapter 33 (§ 59.1-429 et seq.) of this
103 title;

104 28. Violating any provision of the Extended Service Contract Act, Chapter 34 (§ 59.1-435 et seq.) of
105 this title;

106 29. Violating any provision of the Virginia Membership Camping Act, Chapter 25 (§ 59.1-311 et
107 seq.) of this title;

108 30. Violating any provision of the Comparison Price Advertising Act, Chapter 17.7 (§ 59.1-207.40 et
109 seq.) of this title;

110 31. Violating any provision of the Virginia Travel Club Act, Chapter 36 (§ 59.1-445 et seq.) of this
111 title;

112 32. Violating any provision of §§ 46.2-1231 and 46.2-1233.1;

113 33. Violating any provision of Chapter 40 (§ 54.1-4000 et seq.) of Title 54.1;

114 34. Violating any provision of Chapter 10.1 (§ 58.1-1031 et seq.) of Title 58.1;

115 35. Using the consumer's social security number as the consumer's account number with the supplier,
116 if the consumer has requested in writing that the supplier use an alternate number not associated with
117 the consumer's social security number;

118 36. Violating any provision of Chapter 18 (§ 6.2-1800 et seq.) of Title 6.2;

119 37. Violating any provision of § 8.01-40.2;

120 38. Violating any provision of Article 7 (§ 32.1-212 et seq.) of Chapter 6 of Title 32.1;

39. Violating any provision of Chapter 34.1 (§ 59.1-441.1 et seq.) of this title;
 40. Violating any provision of Chapter 20 (§ 6.2-2000 et seq.) of Title 6.2;
 41. Violating any provision of the Virginia Post-Disaster Anti-Price Gouging Act, Chapter 46 (§ 59.1-525 et seq.) of this title;
 42. Violating any provision of Chapter 47 (§ 59.1-530 et seq.) of this title;
 43. Violating any provision of § 59.1-443.2;
 44. Violating any provision of Chapter 48 (§ 59.1-533 et seq.) of this title;
 45. Violating any provision of Chapter 25 (§ 6.2-2500 et seq.) of Title 6.2;
 46. Violating the provisions of clause (i) of subsection B of § 54.1-1115;
 47. Violating any provision of § 18.2-239;
 48. Violating any provision of Chapter 26 (§ 59.1-336 et seq.);
 49. Selling, offering for sale, or manufacturing for sale a children's product the supplier knows or has reason to know was recalled by the U.S. Consumer Product Safety Commission. There is a rebuttable presumption that a supplier has reason to know a children's product was recalled if notice of the recall has been posted continuously at least 30 days before the sale, offer for sale, or manufacturing for sale on the website of the U.S. Consumer Product Safety Commission. This prohibition does not apply to children's products that are used, secondhand or "seconds";

50. Violating any provision of Chapter 44.1 (§ 59.1-518.1 et seq.) of this title;
 51. Violating any provision of Chapter 22 (§ 6.2-2200 et seq.) of Title 6.2; ~~and~~
 52. Violating any provision of § 8.2-317.1; ~~and~~
 53. *Violating any provision of Chapter 47.1 (§ 59.1-532.1 et seq.).*

B. Nothing in this section shall be construed to invalidate or make unenforceable any contract or lease solely by reason of the failure of such contract or lease to comply with any other law of the Commonwealth or any federal statute or regulation, to the extent such other law, statute, or regulation provides that a violation of such law, statute, or regulation shall not invalidate or make unenforceable such contract or lease.

CHAPTER 47.1.

GENERAL-USE PREPAID CARD DISCLOSURES.

§ 59.1-532.1. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Fees" means all fees, charges, and assessments assessed or payable in connection with the ownership, use, possession, or maintenance of a general-use prepaid card, and includes initiation or activation fees, monthly fees, point-of-sale transaction fees, cash withdrawal fees, balance inquiry fees, transaction statement fees, customer service fees, bill payment fees, and fees to add or load funds to the card, dormancy fees, fees required to obtain remaining funds when closing the account, or overdraft fees, however such fees may be denominated or labeled.

"General-use prepaid card" means a card or other payment device issued by any person that is: (i) redeemable at multiple, unaffiliated merchants or service providers, or automated teller machines; (ii) issued in a requested amount, whether or not that amount may, at the option of the issuer, be increased in value or reloaded if requested by the holder; (iii) purchased or loaded on a prepaid basis; and (iv) honored, upon presentation, by merchants for goods or services, or at automated teller machines. The term does not include any electronic promise, plastic card, or payment code or device that is (a) used solely for telephone services; (b) reloadable and not marketed or labeled as a gift card or gift certificate; (c) a loyalty, award, or promotional gift card, as defined by the Federal Reserve Board; (d) not marketed to the general public; (e) issued in paper form only, including for tickets and events; or (f) redeemable solely for admission to events or venues at a particular location or group of affiliated locations, which may also include services or goods obtainable at the event or venue after admission or in conjunction with admission to such events or venues, at specific locations affiliated with and in geographic proximity to the event or venue.

§ 59.1-532.2. Required disclosures.

A. Every application for a general-use prepaid card, or a solicitation for a general-use prepaid card that does not require an application, that is mailed to an individual residing in the Commonwealth shall disclose, clearly and conspicuously, all fees or range of fees applicable to the card and a clear explanation of the purpose of each fee.

B. Contemporaneously with the issuance of a general-use prepaid card, the issuer shall disclose to the person to whom it is issued, clearly and conspicuously, all fees or range of fees applicable to the general-use prepaid card and a clear explanation of the purpose of the fee.

C. The information described in subsections A and B shall be placed in a conspicuous and prominent location on or with any document or paper with respect to which such disclosure is required.

D. Disclosures required under subsections A and B shall be presented in the form of a table that (i) contains clear and concise headings for each item of such information and (ii) provides a clear and

182 *concise form for stating each item of information required to be disclosed under each such heading. The*
183 *format of the table shall be consistent with the tabular format required for credit card disclosures under*
184 *§ 122(c) of the federal Truth in Lending Act and 12 C.F.R. § 226.5a, mutatis mutandis.*

185 *§ 59.1-532.3. Violations; prohibited practices.*

186 *A. Any person who issues or offers to issue a general-use prepaid card that does not include the*
187 *disclosures required by § 59.1-532.2 shall be in violation of this chapter.*

188 *B. Any violation of the provisions of this chapter shall constitute a prohibited practice pursuant to*
189 *the provisions of § 59.1-200 and shall be subject to any and all of the enforcement provisions of*
190 *Chapter 17 (§ 59.1-196 et seq.).*