

56:8-13

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 56:8-13

LAWS OF: 1991

CHAPTER: 332

Bill No: A3893

Sponsor(s): Cohen and Kavanaugh

Date Introduced: October 1, 1990

Committee: Assembly: County Government

Senate: Labor

Amended during passage: No

Date of Passage: Assembly: March 7, 1991

Senate: December 9, 1991

Date of Approval: January 6, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: Yes

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

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ASSEMBLY, No. 3893
STATE OF NEW JERSEY

INTRODUCED OCTOBER 1, 1990

By Assemblymen COHEN and KAVANAUGH

1 AN ACT concerning the penalties for consumer fraud and
2 amending P.L.1966, c.39.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. Section 1 of P.L.1966, c.39 (C.56:8-13) is amended to read
7 as follows:

8 1. Any person who violates any of the provisions of the act to
9 which this act is a supplement shall, in addition to any other
10 penalty provided by law, be liable to a penalty of not more than
11 [\$2,000.00] \$7,500 for the first offense and not more than
12 [\$5,000.00] \$15,000 for the second and each subsequent offense.

13 (cf: P.L.1971, c.247, s.9)

14 2. This act shall take effect immediately.

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STATEMENT

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19 This bill increases the monetary penalties the court may
20 impose for consumer fraud violations.

21 Under current law, violators are liable to monetary penalties of
22 not more than \$2,000 for a first offense and not more than \$5,000
23 for the second and each subsequent offense.

24 The provisions of this bill increase the maximum monetary
25 penalties that may be imposed to \$7,500 for a first offense and
26 \$15,000 for any subsequent offense.

27 These penalty guidelines have not been changed since 1971.

28

29

30

CONSUMER AFFAIRS

31

32 Increases monetary penalties for consumer fraud violations.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3893

STATE OF NEW JERSEY

DATED: JUNE 24, 1991

The Senate Labor, Industry and Professions Committee reports favorably Assembly Bill No. 3893.

This bill increases the monetary penalties for violations of the consumer fraud law by raising the maximum penalties from \$2,000 to \$7,500 for a first offense and from \$5,000 to \$15,000 for each subsequent offense.

ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3893

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STATE OF NEW JERSEY

DATED: OCTOBER 11, 1990

The Assembly Consumer Affairs Committee favorably reports Assembly Bill No. 3893.

Assembly Bill 3893 amends section 1 of P.L.1966, c.39 (C.58:8-13) to increase the monetary penalties that the court may impose for consumer fraud violations.

Under current law, violators are liable to monetary penalties of not more than \$2,000 for a first offense and not more than \$5,000 for the second and each subsequent offense.

The provisions of this bill increase the maximum monetary penalties that may be imposed to \$7,500 for a first offense and \$15,000 for any subsequent offense.

These penalty guidelines were last changed in 1971.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 3893

STATE OF NEW JERSEY

DATED: April 3, 1991

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Assembly Bill No. 3893 of 1990 increases the monetary penalties that courts may impose for consumer fraud violations. This bill raises the maximum penalties from \$2,000 to \$7,500 for a first offense and from \$5,000 to \$15,000 for subsequent offenses. These penalties are levied against violators of the Consumer Fraud Act, P.L.1960, c.39 (C.56:8-1 et seq.), which regulates the sale and advertising of merchandise.

Enactment of this bill will increase revenues derived from fines, penalties and out-of-court settlements by the Division of Consumer Affairs in the Department of Law and Public Safety and by county and municipal consumer affairs offices.

The Administrative Office of the Courts reports that it cannot estimate the increase in fines and penalties that would result from this bill because it is unable to determine what portion of total fines and revenues are represented by consumer fraud cases. These moneys are directed by law to the State Division of Consumer Affairs and the county and municipal consumer affairs offices.

The Division of Consumer Affairs collected \$325,000 in fines and penalties in connection with Consumer Fraud Act violations in FY 1990. The division estimates that its FY 1991 collections will total approximately \$200,000. According to the division, the decline in revenues results from budget constraints which have caused consumer fraud investigator and prosecuting attorney positions to remain vacant, thereby reducing the division's enforcement capabilities. The division states that, while its revenues will increase under this bill, it cannot estimate the amount of the increase. That is because most of the division's consumer fraud actions are settled out of court and penalties are usually substantially less than the statutory maximums. However, the statutory penalties are considered when arriving at a settlement amount, and, therefore, the division estimates that settlement revenues would rise after the enactment of this bill.

The Office of Legislative Services (OLS) conservatively estimates that the increased penalties mandated by this bill could increase the division's Consumer Fraud Act revenues by \$200,000 in the first year following enactment. If these revenues are used to hire additional investigators and prosecutors, total collections could grow by 10 percent annually. Based on this assumption, OLS estimates additional second and third year revenues for the division under this bill at \$240,000 and \$284,000, respectively.

P.L.1981, c.178 (C.56:8-14.1) entitles certified county and municipal offices of consumer affairs which litigate against Consumer Fraud Act violators to penalties, fines and fees. Although enactment of this bill would increase these local revenues, information is not available to permit an estimate of the amount.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001
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Release: MONDAY
JAN. 6, 1992

GOVERNOR FLORIO SIGNS BILL TRIPLING PENALTIES UNDER CONSUMER FRAUD ACT

As part of an ongoing effort to protect New Jersey consumers, Governor Jim Florio today signed a bill into law that triples the maximum penalty available under the Consumer Fraud Act, the first increase since the law went into effect in 1971.

Governor Florio said, "In these tough economic times, people are especially vulnerable to being ripped off by offers that sound too good to be true—because that's what they are. Hardworking, honest people who play by the rules shouldn't become victims. One way to protect them is to raise the stakes for being dishonest. I'm pleased to sign a law that does that. The vast majority of business people in New Jersey are totally honest, and they, too, are being hurt by the unfair, unscrupulous action of a few."

The fines were raised from \$2,000 to \$7,500 for the first offense and from \$5,000 to \$15,000 for subsequent offenses. The bill, A-3893, was sponsored by Assemblymen Neil Cohen and Walter Kavanaugh. Senator John Girgenti sponsored an identical bill in the Senate, which was merged with the Assembly Bill.

"This bill will restore to the Consumer Fraud Act the deterrent effect that it was intended to have," said Attorney General Robert J. Del Tufo. "In the past, violators of the law have often viewed the fines for committing consumer fraud as part of the cost of doing business. By significantly increasing that cost, violators and would-be violators will no longer view the payment of fines as a viable alternative to non-compliance with the law."

According to Consumer Affairs Director Emma Byrne, under the new law, penalties collected by Consumer Affairs under the Consumer Fraud Act (N.J.S.A. 56:8-1 et seq.) are estimated to increase from about \$225,000 to \$450,000 a year. "This legislation will help us protect the rights of New Jersey consumers by allowing us to come down hard on con artists and unscrupulous business people," Byrne said. The law takes effect today.

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Byrne cited several examples in which the increase in fines would have made a significant impact on the cost of doing business:

● Tops Appliance City, one of the state's largest appliance dealers, was fined \$75,000. Under the new penalties, Tops could have been fined \$225,000 for engaging in a number of unfair business practices. Some 18 consumers were affected.

● Aqua-Fresh Water Treatment Services of Toms River, fined \$7,500 for unlawful practices in the sale of water purifiers, credit card protection plans and other merchandise, could have been fined upwards of \$22,500. More than 100 consumers filed complaints in the case.

● First Row Tickets, fined \$10,500 for violations of the Consumer Fraud Act's ticket broker regulations, could have been fined more than \$30,000 for violations that included operating without a license and selling tickets in excess of the statutory maximum premium. At least 55 consumers paid First Row between \$70 and \$4,810 for tickets.

● Pet Depot, a Point Pleasant pet store fined \$5,000 for selling sick animals unfit for purchase, could have been fined up to about \$22,500 under the new penalties.

● Central Tri-State Auto Leasings Inc., fined \$2,000 for not delivering on lease agreements with four consumers, could have been fined \$7,500.

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