

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE ENROLLED ACT No. 394

AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-6-3-6, AS AMENDED BY P.L.136-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 6. **(a)** If a person objects or otherwise fails to obey a written demand issued under section 3 of this chapter, the attorney general may file in the circuit or superior court of the county in which that person resides or maintains a principal place of business within the state an application for an order to enforce the demand. If the person does not reside or maintain a principal place of business in Indiana, the application for the order to enforce the demand may be filed in the Marion County circuit or superior court. Notice of hearing and a copy of the application shall be served upon that person, who may appear in opposition to the application. The attorney general must demonstrate to the court that the demand is proper. If the court finds that the demand is proper, it shall order that person to comply with the demand, subject to such modification as the court may prescribe.

(b) If a person fails or refuses to obey a final order entered under subsection (a) or an order imposing sanctions under section 6.5 of this chapter, the court may hold the person in contempt.

(c) Upon motion by that person and for good cause shown, the court may make any further order in the proceedings which justice requires to protect the person from unreasonable annoyance, embarrassment,

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oppression, burden, expense, or to protect privileged information, trade secrets or information which is confidential under any other provision of law. If the court finds that either party has acted in bad faith in seeking or resisting the demand, it may order that person to pay the other parties reasonable expenses including attorneys' attorney's fees.

SECTION 2. IC 4-6-3-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 6.5. (a) This section applies only to a:**

- (1) foreign corporation that does business in Indiana;**
- (2) foreign limited liability company that does business in Indiana; and**
- (3) person who does not reside or maintain a principal place of business in Indiana.**

(b) If a person listed in subsection (a) fails or refuses to comply with a written demand issued under section 3 of this chapter, the court may, upon the request of the attorney general or on the court's own initiative, impose one (1) or more of the following sanctions against the person:

- (1) Granting injunctive relief to restrain the person from engaging in the:**
 - (A) advertising or sale of any merchandise; or**
 - (B) conducting of any trade or commerce;****if the alleged or suspected violation involves the merchandise, trade, or commerce.**
- (2) Revoking or suspending the certificate of authority of the person to do business in Indiana.**
- (3) Enjoining the person from doing business with or being a contractor for the state of Indiana.**
- (4) Revoking or suspending any other license, permit, or certificate issued under law to the person which is necessary to perform services or engage in transactions in the industry, field, or trade that the alleged or suspected violation under this chapter occurred.**
- (5) Granting other relief as may be required, until the person fully complies with the investigative demand.**

SECTION 3. IC 4-6-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 9. (a) All documentary material, answers to written interrogatories, and transcripts of oral testimony that are provided pursuant to an investigative demand shall be kept confidential by the attorney general until an action is filed against a person for the violation under investigation, unless:**

- (1) confidentiality is waived by the person being investigated and**



the person who has testified, answered interrogatories, or produced documentary material; or ~~unless~~

(2) disclosure is authorized by the court made by the attorney general to another state or federal attorney general or law enforcement agency for the purposes of interstate cooperation in law enforcement of state or federal laws.

(b) All documentary material, answers to written interrogatories, and transcripts of oral testimony that are provided to the attorney general pursuant to an investigative demand issued by another state or federal attorney general or law enforcement agency under similar authority shall be treated as if it was obtained pursuant to an investigative demand issued by the attorney general under section 3 of this chapter.

SECTION 4. IC 23-17-24-1.5, AS ADDED BY P.L.245-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1.5. (a) This section applies to the following:

(1) Notwithstanding IC 23-17-1-1, all corporations organized under Indiana law for a purpose for which a corporation may be organized under this article, regardless of the date of incorporation.

(2) A foreign corporation that desires to transact business in Indiana.

(b) In addition to a dissolution under section 1 of this chapter, the attorney general may petition a court to issue one (1) or more of the following remedies:

(1) Injunctive relief.

(2) Appointment of temporary or permanent receivers.

(3) Permanent removal of trustees, corporate officers, or directors who have breached the fiduciary duty.

(4) Appointment of permanent court approved replacement trustees, corporate officers or directors, and members.

(c) The attorney general may seek a remedy against any or all of the following:

(1) If the attorney general establishes a condition enumerated in section 1(a)(1) of this chapter, a corporation.

(2) For a violation of the officer's duties under IC 23-17-14-2, a corporate officer.

(3) For a violation of IC 23-17-13, a corporate director.

(d) In addition to any remedies described in subsection (b), the attorney general may accept a written assurance of voluntary compliance with respect to:

(1) a past, an existing, or an imminent condition enumerated



in section 1(a)(1) of this chapter; or

(2) any past, existing, or imminent violation of a duty under this article by a corporation, director, officer, member, trustee, or other corporate principal.

(e) An assurance of voluntary compliance described in subsection (d) may include a stipulation for the voluntary payment by the person of:

(1) the costs of an investigation;

(2) an amount to be held in escrow pending the outcome of an action;

(3) an amount to be held in escrow pending the outcome of an action as restitution to an aggrieved nonprofit corporation or person; or

(4) both amounts described in subdivisions (2) and (3).

(f) An assurance of voluntary compliance described in subsection (d):

(1) must be filed with; and

(2) is subject to the approval of;

the court having jurisdiction.

(g) An assurance of voluntary compliance described in subsection (d) is not considered an admission of a violation of any law.

(h) If the attorney general closes a matter by accepting an assurance of voluntary compliance described in subsection (d), the attorney general may reopen the matter for further proceedings within the period of the applicable statute of limitations.

SECTION 5. IC 24-4.7-3-6, AS AMENDED BY P.L.151-2013, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 6. (a) The consumer protection division telephone solicitation fund is established for the purpose of the administration of:

(1) this article;

(2) ~~IC 24-5-0.5-3(a)(19)~~; **IC 24-5-0.5-3(b)(19)**; and

(3) IC 24-5-14.5.

The fund shall be used exclusively for this purpose.

(b) The division shall administer the fund.

(c) The division shall deposit all revenue received:

(1) under this article;

(2) from civil penalties deposited under IC 24-5-0.5-4(h); and

(3) from civil penalties deposited under IC 24-5-14.5-12;

in the fund.

(d) Money in the fund is continuously appropriated to the division for the administration of:

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- (1) this article;
- (2) ~~IC 24-5-0.5-3(a)(19)~~; **IC 24-5-0.5-3(b)(19)**; and
- (3) IC 24-5-14.5.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund. However, if the amount of money in the fund at the end of a particular state fiscal year exceeds two hundred thousand dollars (\$200,000), the treasurer of state shall transfer the excess from the fund to the state general fund.

SECTION 6. IC 24-5-0.5-2, AS AMENDED BY P.L.250-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. (a) As used in this chapter:

- (1) "Consumer transaction" means a sale, lease, assignment, award by chance, or other disposition of an item of personal property, real property, a service, or an intangible, except securities and policies or contracts of insurance issued by corporations authorized to transact an insurance business under the laws of the state of Indiana, with or without an extension of credit, to a person for purposes that are primarily personal, familial, charitable, agricultural, or household, or a solicitation to supply any of these things. However, the term includes the following:
 - (A) A transfer of structured settlement payment rights under IC 34-50-2.
 - (B) An unsolicited advertisement sent to a person by telephone facsimile machine offering a sale, lease, assignment, award by chance, or other disposition of an item of personal property, real property, a service, or an intangible.
 - ~~(C) Collecting or attempting to collect a debt owed or due, or asserted to be owed or due, to another person.~~
 - (C) The collection of or attempt to collect a debt by a debt collector.**
- (2) "Person" means an individual, corporation, the state of Indiana or its subdivisions or agencies, business trust, estate, trust, partnership, association, nonprofit corporation or organization, or cooperative or any other legal entity.
- (3) "Supplier" means the following:
 - (A) A seller, lessor, assignor, or other person who regularly engages in or solicits consumer transactions, including soliciting a consumer transaction by using a telephone facsimile machine to transmit an unsolicited advertisement. The term includes a manufacturer, wholesaler, or retailer, whether or not the person deals directly with the consumer.



(B) A person who contrives, prepares, sets up, operates, publicizes by means of advertisements, or promotes a pyramid promotional scheme.

(C) A debt collector.

(4) "Subject of a consumer transaction" means the personal property, real property, services, or intangibles offered or furnished in a consumer transaction.

(5) "Cure" as applied to a deceptive act, means either:

(A) to offer in writing to adjust or modify the consumer transaction to which the act relates to conform to the reasonable expectations of the consumer generated by such deceptive act and to perform such offer if accepted by the consumer; or

(B) to offer in writing to rescind such consumer transaction and to perform such offer if accepted by the consumer.

The term includes an offer in writing of one (1) or more items of value, including monetary compensation, that the supplier delivers to a consumer or a representative of the consumer if accepted by the consumer.

(6) "Offer to cure" as applied to a deceptive act is a cure that:

(A) is reasonably calculated to remedy a loss claimed by the consumer; and

(B) includes a minimum additional amount that is the greater of:

(i) ten percent (10%) of the value of the remedy under clause (A), but not more than four thousand dollars (\$4,000); or

(ii) five hundred dollars (\$500);

as compensation for attorney's fees, expenses, and other costs that a consumer may incur in relation to the deceptive act.

(7) "Uncured deceptive act" means a deceptive act:

(A) with respect to which a consumer who has been damaged by such act has given notice to the supplier under section 5(a) of this chapter; and

(B) either:

(i) no offer to cure has been made to such consumer within thirty (30) days after such notice; or

(ii) the act has not been cured as to such consumer within a reasonable time after the consumer's acceptance of the offer to cure.

(8) "Incurable deceptive act" means a deceptive act done by a supplier as part of a scheme, artifice, or device with intent to



defraud or mislead. The term includes a failure of a transferee of structured settlement payment rights to timely provide a true and complete disclosure statement to a payee as provided under IC 34-50-2 in connection with a direct or indirect transfer of structured settlement payment rights.

(9) "Pyramid promotional scheme" means any program utilizing a pyramid or chain process by which a participant in the program gives a valuable consideration exceeding one hundred dollars (\$100) for the opportunity or right to receive compensation or other things of value in return for inducing other persons to become participants for the purpose of gaining new participants in the program. The term does not include ordinary sales of goods or services to persons who are not purchasing in order to participate in such a scheme.

(10) "Promoting a pyramid promotional scheme" means:

(A) inducing or attempting to induce one (1) or more other persons to become participants in a pyramid promotional scheme; or

(B) assisting another in promoting a pyramid promotional scheme.

(11) "Senior consumer" means an individual who is at least sixty (60) years of age.

(12) "Telephone facsimile machine" means equipment that has the capacity to transcribe text or images, or both, from:

(A) paper into an electronic signal and to transmit that signal over a regular telephone line; or

(B) an electronic signal received over a regular telephone line onto paper.

(13) "Unsolicited advertisement" means material advertising the commercial availability or quality of:

(A) property;

(B) goods; or

(C) services;

that is transmitted to a person without the person's prior express invitation or permission, in writing or otherwise.

(14) "Debt" has the meaning set forth in 15 U.S.C. 1692a(5)).

(15) "Debt collector" has the meaning set forth in 15 U.S.C. 1692a(6). The term does not include a person admitted to the practice of law in Indiana if the person is acting within the course and scope of the person's practice as an attorney.

(b) As used in section ~~3(a)(15)~~ and ~~3(a)(16)~~ **3(b)(15)** and **3(b)(16)** of this chapter:

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(1) "Directory assistance" means the disclosure of telephone number information in connection with an identified telephone service subscriber by means of a live operator or automated service.

(2) "Local telephone directory" refers to a telephone classified advertising directory or the business section of a telephone directory that is distributed by a telephone company or directory publisher to subscribers located in the local exchanges contained in the directory. The term includes a directory that includes listings of more than one (1) telephone company.

(3) "Local telephone number" refers to a telephone number that has the three (3) number prefix used by the provider of telephone service for telephones physically located within the area covered by the local telephone directory in which the number is listed. The term does not include long distance numbers or 800-, 888-, or 900- exchange numbers listed in a local telephone directory.

SECTION 7. IC 24-5-0.5-3, AS AMENDED BY P.L.273-2013, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. **(a) A supplier may not commit an unfair, abusive, or deceptive act, omission, or practice in connection with a consumer transaction. Such an act, omission, or practice by a supplier is a violation of this chapter whether it occurs before, during, or after the transaction. An act, omission, or practice prohibited by this section includes both implicit and explicit misrepresentations.**

(a) (b) Without limiting the scope of subsection (a), the following acts, and the following representations as to the subject matter of a consumer transaction, made orally, in writing, or by electronic communication, by a supplier, are deceptive acts:

(1) That such subject of a consumer transaction has sponsorship, approval, performance, characteristics, accessories, uses, or benefits it does not have which the supplier knows or should reasonably know it does not have.

(2) That such subject of a consumer transaction is of a particular standard, quality, grade, style, or model, if it is not and if the supplier knows or should reasonably know that it is not.

(3) That such subject of a consumer transaction is new or unused, if it is not and if the supplier knows or should reasonably know that it is not.

(4) That such subject of a consumer transaction will be supplied to the public in greater quantity than the supplier intends or reasonably expects.

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- (5) That replacement or repair constituting the subject of a consumer transaction is needed, if it is not and if the supplier knows or should reasonably know that it is not.
- (6) That a specific price advantage exists as to such subject of a consumer transaction, if it does not and if the supplier knows or should reasonably know that it does not.
- (7) That the supplier has a sponsorship, approval, or affiliation in such consumer transaction the supplier does not have, and which the supplier knows or should reasonably know that the supplier does not have.
- (8) That such consumer transaction involves or does not involve a warranty, a disclaimer of warranties, or other rights, remedies, or obligations, if the representation is false and if the supplier knows or should reasonably know that the representation is false.
- (9) That the consumer will receive a rebate, discount, or other benefit as an inducement for entering into a sale or lease in return for giving the supplier the names of prospective consumers or otherwise helping the supplier to enter into other consumer transactions, if earning the benefit, rebate, or discount is contingent upon the occurrence of an event subsequent to the time the consumer agrees to the purchase or lease.
- (10) That the supplier is able to deliver or complete the subject of the consumer transaction within a stated period of time, when the supplier knows or should reasonably know the supplier could not. If no time period has been stated by the supplier, there is a presumption that the supplier has represented that the supplier will deliver or complete the subject of the consumer transaction within a reasonable time, according to the course of dealing or the usage of the trade.
- (11) That the consumer will be able to purchase the subject of the consumer transaction as advertised by the supplier, if the supplier does not intend to sell it.
- (12) That the replacement or repair constituting the subject of a consumer transaction can be made by the supplier for the estimate the supplier gives a customer for the replacement or repair, if the specified work is completed and:
- (A) the cost exceeds the estimate by an amount equal to or greater than ten percent (10%) of the estimate;
 - (B) the supplier did not obtain written permission from the customer to authorize the supplier to complete the work even if the cost would exceed the amounts specified in clause (A);
 - (C) the total cost for services and parts for a single transaction



is more than seven hundred fifty dollars (\$750); and
 (D) the supplier knew or reasonably should have known that the cost would exceed the estimate in the amounts specified in clause (A).

(13) That the replacement or repair constituting the subject of a consumer transaction is needed, and that the supplier disposes of the part repaired or replaced earlier than seventy-two (72) hours after both:

(A) the customer has been notified that the work has been completed; and

(B) the part repaired or replaced has been made available for examination upon the request of the customer.

(14) Engaging in the replacement or repair of the subject of a consumer transaction if the consumer has not authorized the replacement or repair, and if the supplier knows or should reasonably know that it is not authorized.

(15) The act of misrepresenting the geographic location of the supplier by listing a fictitious business name or an assumed business name (as described in IC 23-15-1) in a local telephone directory if:

(A) the name misrepresents the supplier's geographic location;

(B) the listing fails to identify the locality and state of the supplier's business;

(C) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the calling area covered by the local telephone directory; and

(D) the supplier's business location is located in a county that is not contiguous to a county in the calling area covered by the local telephone directory.

(16) The act of listing a fictitious business name or assumed business name (as described in IC 23-15-1) in a directory assistance database if:

(A) the name misrepresents the supplier's geographic location;

(B) calls to the local telephone number are routinely forwarded or otherwise transferred to a supplier's business location that is outside the local calling area; and

(C) the supplier's business location is located in a county that is not contiguous to a county in the local calling area.

(17) The violation by a supplier of IC 24-3-4 concerning cigarettes for import or export.

(18) The act of a supplier in knowingly selling or reselling a



product to a consumer if the product has been recalled, whether by the order of a court or a regulatory body, or voluntarily by the manufacturer, distributor, or retailer, unless the product has been repaired or modified to correct the defect that was the subject of the recall.

(19) The violation by a supplier of 47 U.S.C. 227, including any rules or regulations issued under 47 U.S.C. 227.

(20) The violation by a supplier of the federal Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.), including any rules or regulations issued under the federal Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.).

(21) A violation of IC 24-5-7 (concerning health spa services), as set forth in IC 24-5-7-17.

(22) A violation of IC 24-5-8 (concerning business opportunity transactions), as set forth in IC 24-5-8-20.

(23) A violation of IC 24-5-10 (concerning home consumer transactions), as set forth in IC 24-5-10-18.

(24) A violation of IC 24-5-11 (concerning home improvement contracts), as set forth in IC 24-5-11-14.

(25) A violation of IC 24-5-12 (concerning telephone solicitations), as set forth in IC 24-5-12-23.

(26) A violation of IC 24-5-13.5 (concerning buyback motor vehicles), as set forth in IC 24-5-13.5-14.

(27) A violation of IC 24-5-14 (concerning automatic dialing-announcing devices), as set forth in IC 24-5-14-13.

(28) A violation of IC 24-5-15 (concerning credit services organizations), as set forth in IC 24-5-15-11.

(29) A violation of IC 24-5-16 (concerning unlawful motor vehicle subleasing), as set forth in IC 24-5-16-18.

(30) A violation of IC 24-5-17 (concerning environmental marketing claims), as set forth in IC 24-5-17-14.

(31) A violation of IC 24-5-19 (concerning deceptive commercial solicitation), as set forth in IC 24-5-19-11.

(32) A violation of IC 24-5-21 (concerning prescription drug discount cards), as set forth in IC 24-5-21-7.

(33) A violation of IC 24-5-23.5-7 (concerning real estate appraisals), as set forth in IC 24-5-23.5-9.

(34) A violation of IC 24-5-26 (concerning identity theft), as set forth in IC 24-5-26-3.

(35) A violation of IC 24-5.5 (concerning mortgage rescue fraud), as set forth in IC 24-5.5-6-1.

(36) A violation of IC 24-8 (concerning promotional gifts and



contests), as set forth in IC 24-8-6-3.

(37) A violation of IC 21-18.5-6 (concerning representations made by a postsecondary credit bearing proprietary educational institution), as set forth in IC 21-18.5-6-22.5.

~~(b)~~ (c) Any representations on or within a product or its packaging or in advertising or promotional materials which would constitute a deceptive act shall be the deceptive act both of the supplier who places such representation thereon or therein, or who authored such materials, and such other suppliers who shall state orally or in writing that such representation is true if such other supplier shall know or have reason to know that such representation was false.

~~(c)~~ (d) If a supplier shows by a preponderance of the evidence that an act resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error, such act shall not be deceptive within the meaning of this chapter.

~~(d)~~ (e) It shall be a defense to any action brought under this chapter that the representation constituting an alleged deceptive act was one made in good faith by the supplier without knowledge of its falsity and in reliance upon the oral or written representations of the manufacturer, the person from whom the supplier acquired the product, any testing organization, or any other person provided that the source thereof is disclosed to the consumer.

~~(e)~~ (f) For purposes of subsection ~~(a)(12)~~; **(b)(12)**, a supplier that provides estimates before performing repair or replacement work for a customer shall give the customer a written estimate itemizing as closely as possible the price for labor and parts necessary for the specific job before commencing the work.

~~(f)~~ (g) For purposes of subsection ~~(a)(15)~~ **(b)(15)** and ~~(a)(16)~~; **(b)(16)**, a telephone company or other provider of a telephone directory or directory assistance service or its officer or agent is immune from liability for publishing the listing of a fictitious business name or assumed business name of a supplier in its directory or directory assistance database unless the telephone company or other provider of a telephone directory or directory assistance service is the same person as the supplier who has committed the deceptive act.

~~(g)~~ (h) For purposes of subsection ~~(a)(18)~~; **(b)(18)**, it is an affirmative defense to any action brought under this chapter that the product has been altered by a person other than the defendant to render the product completely incapable of serving its original purpose.

SECTION 8. IC 24-5-0.5-4, AS AMENDED BY P.L.250-2013, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) A person relying upon an uncured or



incurable deceptive act may bring an action for the damages actually suffered as a consumer as a result of the deceptive act or five hundred dollars (\$500), whichever is greater. The court may increase damages for a willful deceptive act in an amount that does not exceed the greater of:

- (1) three (3) times the actual damages of the consumer suffering the loss; or
- (2) one thousand dollars (\$1,000).

Except as provided in subsection (j), the court may award reasonable attorney fees to the party that prevails in an action under this subsection. This subsection does not apply to a consumer transaction in real property, including a claim or action involving a construction defect (as defined in IC 32-27-3-1(5)) brought against a construction professional (as defined in IC 32-27-3-1(4)), except for purchases of time shares and camping club memberships. This subsection does not apply with respect to a deceptive act described in section ~~3(a)(20)~~ **3(b)(20)** of this chapter. This subsection also does not apply to a violation of IC 24-4.7, IC 24-5-12, IC 24-5-14, or IC 24-5-14.5. Actual damages awarded to a person under this section have priority over any civil penalty imposed under this chapter.

(b) Any person who is entitled to bring an action under subsection (a) on the person's own behalf against a supplier for damages for a deceptive act may bring a class action against such supplier on behalf of any class of persons of which that person is a member and which has been damaged by such deceptive act, subject to and under the Indiana Rules of Trial Procedure governing class actions, except as herein expressly provided. Except as provided in subsection (j), the court may award reasonable attorney fees to the party that prevails in a class action under this subsection, provided that such fee shall be determined by the amount of time reasonably expended by the attorney and not by the amount of the judgment, although the contingency of the fee may be considered. Except in the case of an extension of time granted by the attorney general under IC 24-10-2-2(b) in an action subject to IC 24-10, any money or other property recovered in a class action under this subsection which cannot, with due diligence, be restored to consumers within one (1) year after the judgment becomes final shall be returned to the party depositing the same. This subsection does not apply to a consumer transaction in real property, except for purchases of time shares and camping club memberships. This subsection does not apply with respect to a deceptive act described in section ~~3(a)(20)~~ **3(b)(20)** of this chapter. Actual damages awarded to a class have priority over any civil penalty imposed under this chapter.



(c) The attorney general may bring an action to enjoin a deceptive act, including a deceptive act described in section ~~3(a)(20)~~ **3(b)(20)** of this chapter, notwithstanding subsections (a) and (b). However, the attorney general may seek to enjoin patterns of incurable deceptive acts with respect to consumer transactions in real property. In addition, the court may:

- (1) issue an injunction;
- (2) order the supplier to make payment of the money unlawfully received from the aggrieved consumers to be held in escrow for distribution to aggrieved consumers;
- (3) for a knowing violation against a senior consumer, increase the amount of restitution ordered under subdivision (2) in any amount up to three (3) times the amount of damages incurred or value of property or assets lost;
- (4) order the supplier to pay to the state the reasonable costs of the attorney general's investigation and prosecution related to the action;
- (5) provide for the appointment of a receiver; and
- (6) order the department of state revenue to suspend the supplier's registered retail merchant certificate, subject to the requirements and prohibitions contained in IC 6-2.5-8-7(i), if the court finds that a violation of this chapter involved the sale or solicited sale of a synthetic drug (as defined in IC 35-31.5-2-321) or a synthetic drug lookalike substance (as defined in IC 35-31.5-2-321.5).

(d) In an action under subsection (a), (b), or (c), the court may void or limit the application of contracts or clauses resulting from deceptive acts and order restitution to be paid to aggrieved consumers.

(e) In any action under subsection (a) or (b), upon the filing of the complaint or on the appearance of any defendant, claimant, or any other party, or at any later time, the trial court, the supreme court, or the court of appeals may require the plaintiff, defendant, claimant, or any other party or parties to give security, or additional security, in such sum as the court shall direct to pay all costs, expenses, and disbursements that shall be awarded against that party or which that party may be directed to pay by any interlocutory order by the final judgment or on appeal.

(f) Any person who violates the terms of an injunction issued under subsection (c) shall forfeit and pay to the state a civil penalty of not more than fifteen thousand dollars (\$15,000) per violation. For the purposes of this section, the court issuing an injunction shall retain jurisdiction, the cause shall be continued, and the attorney general acting in the name of the state may petition for recovery of civil



penalties. Whenever the court determines that an injunction issued under subsection (c) has been violated, the court shall award reasonable costs to the state.

(g) If a court finds any person has knowingly violated section 3 or 10 of this chapter, other than section ~~3(a)(19)~~ **3(b)(19)** or ~~3(a)(20)~~ **3(b)(20)** of this chapter, the attorney general, in an action pursuant to subsection (c), may recover from the person on behalf of the state a civil penalty of a fine not exceeding five thousand dollars (\$5,000) per violation.

(h) If a court finds that a person has violated section ~~3(a)(19)~~ **3(b)(19)** of this chapter, the attorney general, in an action under subsection (c), may recover from the person on behalf of the state a civil penalty as follows:

- (1) For a knowing or intentional violation, one thousand five hundred dollars (\$1,500).
- (2) For a violation other than a knowing or intentional violation, five hundred dollars (\$500).

A civil penalty recovered under this subsection shall be deposited in the consumer protection division telephone solicitation fund established by IC 24-4.7-3-6 to be used for the administration and enforcement of section ~~3(a)(19)~~ **3(b)(19)** of this chapter.

(i) A senior consumer relying upon an uncured or incurable deceptive act, including an act related to hypnotism, may bring an action to recover treble damages, if appropriate.

(j) An offer to cure is:

- (1) not admissible as evidence in a proceeding initiated under this section unless the offer to cure is delivered by a supplier to the consumer or a representative of the consumer before the supplier files the supplier's initial response to a complaint; and
- (2) only admissible as evidence in a proceeding initiated under this section to prove that a supplier is not liable for attorney's fees under subsection (k).

If the offer to cure is timely delivered by the supplier, the supplier may submit the offer to cure as evidence to prove in the proceeding in accordance with the Indiana Rules of Trial Procedure that the supplier made an offer to cure.

(k) A supplier may not be held liable for the attorney's fees and court costs of the consumer that are incurred following the timely delivery of an offer to cure as described in subsection (j) unless the actual damages awarded, not including attorney's fees and costs, exceed the value of the offer to cure.

(l) If a court finds that a person has knowingly violated section



~~3(a)(20)~~ **3(b)(20)** of this chapter, the attorney general, in an action under subsection (c), may recover from the person on behalf of the state a civil penalty not exceeding one thousand dollars (\$1,000) per consumer. In determining the amount of the civil penalty in any action by the attorney general under this subsection, the court shall consider, among other relevant factors, the frequency and persistence of noncompliance by the debt collector, the nature of the noncompliance, and the extent to which the noncompliance was intentional. A person may not be held liable in any action by the attorney general for a violation of section ~~3(a)(20)~~ **3(b)(20)** of this chapter if the person shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error, notwithstanding the maintenance of procedures reasonably adapted to avoid the error. A person may not be held liable in any action for a violation of this chapter for contacting a person other than the debtor, if the contact is made in compliance with the Fair Debt Collection Practices Act.

SECTION 9. IC 24-5-24.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]:

Chapter 24.5. Security Freezes for Protected Consumers

Sec. 1. As used in this chapter, "consumer" means an individual whose principal residence is in Indiana.

Sec. 2. As used in this chapter, "consumer report" has the meaning set forth in IC 24-5-24-2.

Sec. 3. As used in this chapter, "consumer reporting agency" has the meaning set forth in IC 24-5-24-3.

Sec. 4. As used in this chapter, "protected consumer" means an individual who is:

- (1) less than sixteen (16) years of age; or**
- (2) an incapacitated person (as defined in IC 29-3-1-7.5) for whom a court has appointed a guardian.**

Sec. 5. As used in this chapter, "record" means a compilation of information that:

- (1) identifies a protected consumer;**
- (2) is created by a consumer reporting agency solely for the purpose of complying with this chapter; and**
- (3) is not created or used to consider the protected consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living.**

Sec. 6. As used in this chapter, "representative" means a person who provides to a consumer reporting agency sufficient proof of authority to act on behalf of a protected consumer.



Sec. 7. As used in this chapter, "security freeze" means:

- (1) if a consumer reporting agency does not have a consumer report pertaining to a protected consumer, a restriction that:**
 - (A) is placed on the protected consumer's record in accordance with this chapter; and**
 - (B) prohibits the consumer reporting agency from releasing the protected consumer's record except as provided under this chapter; or**
- (2) if a consumer reporting agency has a consumer report for the protected consumer, a restriction that:**
 - (A) is placed on the protected consumer's consumer report in accordance with this chapter; and**
 - (B) prohibits the consumer reporting agency from releasing the protected consumer's consumer report or any information derived from the protected consumer's consumer report except as provided in this chapter.**

Sec. 8. As used in this chapter, "sufficient proof of authority" means documentation that shows a representative has authority to act on behalf of a protected consumer and includes:

- (1) an order issued by a court of law;**
- (2) a lawfully executed and valid power of attorney; or**
- (3) a written, notarized statement signed by a representative that expressly describes the authority of the representative to act on behalf of a protected consumer.**

Sec. 9. As used in this chapter, "sufficient proof of identification" means information or documentation that identifies a protected consumer or a representative of a protective consumer and includes:

- (1) a Social Security number or a copy of a Social Security card issued by the Social Security Administration;**
- (2) a certified or official copy of a birth certificate issued by an entity authorized to issue the birth certificate; or**
- (3) a copy of a valid state issued driver's license, a valid state issued identification card, or any valid government issued identification.**

Sec. 10. This chapter does not apply to the use of a protected consumer's consumer report or record by:

- (1) a person administering a credit file monitoring subscription service to which:**
 - (A) the protected consumer has subscribed; or**
 - (B) the representative of the protected consumer has subscribed on behalf of the protected consumer;**



(2) a person providing the protected consumer or the protected consumer's representative with a copy of the protected consumer's consumer report on request of the protected consumer or the protected consumer's representative;

(3) a check services or fraud prevention services company that issues:

(A) reports on incidents of fraud; or

(B) authorizations for the purpose of approving, or processing negotiable instruments, electronic funds transfers, or similar payment methods;

(4) a deposit account information service company that issues reports regarding account closures due to fraud, substantial overdrafts, automated teller machine abuse, or similar negative information regarding a consumer to inquiring banks or other financial institutions for use only in reviewing a consumer request for a deposit account at the inquiring bank or financial institution;

(5) an insurance company for the purpose of conducting its ordinary business;

(6) a consumer reporting agency that:

(A) acts only to resell credit information by assembling and merging information contained in a data base of another consumer reporting agency or multiple consumer reporting agencies; and

(B) does not maintain a permanent data base of credit information from which new credit reports are produced; or

(7) a consumer reporting agency's database or file that consists of the following information concerning, and used for, one (1) or more of the following, but not for credit granting purposes:

(A) Criminal record information.

(B) Fraud protection or detection.

(C) Personal loss history information.

(D) Employment, tenant, or individual background screening.

Sec. 11. (a) A consumer reporting agency shall place a security freeze on a protected consumer's consumer report if:

(1) the consumer reporting agency receives a request from the protected consumer's representative for the placement of the security freeze under this section; and



(2) the protected consumer's representative:

(A) submits the request to the consumer reporting agency at the address or other point of contact and in the manner specified by the consumer reporting agency;

(B) provides to the consumer reporting agency sufficient proof of identification of the protected consumer and the representative; and

(C) provides to the consumer reporting agency sufficient proof of authority to act on behalf of the protected consumer; and

(3) the protected consumer's representative pays to the consumer reporting agency a fee as provided in section 17 of this chapter.

(b) If a consumer reporting agency does not have a consumer report pertaining to a protected consumer when the consumer reporting agency receives a request under subsection (a), the consumer reporting agency shall create a record for the protected consumer.

Sec. 12. Not later than thirty (30) days after receiving a request that meets the requirements of section 11(a) of this chapter, a consumer reporting agency shall place a security freeze for the protected consumer.

Sec. 13. Unless a security freeze for a protected consumer is removed in accordance with section 16 of this chapter, a consumer reporting agency may not release:

(1) the protected consumer's consumer report;

(2) any information derived from the protected consumer's consumer report; or

(3) any record created for the protected consumer under section 11(b) of this chapter.

Sec. 14. A security freeze for a protected consumer must remain in effect until:

(1) the protected consumer or the protected consumer's representative requests that the consumer reporting agency remove the security freeze under section 15 of this chapter; or

(2) the security freeze is removed in accordance with section 16 of this chapter.

Sec. 15. If a protected consumer or a protected consumer's representative wishes to remove a security freeze for the protected consumer, the protected consumer or the protected consumer's representative shall:

(1) submit a request for the removal of the security freeze to



the consumer reporting agency at the address or other point of contact and in the manner specified by the consumer reporting agency;

(2) provide to the consumer reporting agency:

(A) in the case of a request by a protected consumer:

(i) proof that the sufficient proof of authority for the protected consumer's representative to act on behalf of the protective consumer is no longer valid; and

(ii) sufficient proof of identification of the protected consumer; or

(B) in the case of a request by the representative of a protected consumer:

(i) sufficient proof of identification of the protected consumer and the representative; and

(ii) sufficient proof of authority to act on behalf of the protected consumer; and

(3) pay to the consumer reporting agency a fee as provided in section 17 of this chapter.

Sec. 16. Not later than thirty (30) days after receiving a request that meets the requirements of section 15 of this chapter, the consumer reporting agency shall remove the security freeze for the protected consumer.

Sec. 17. (a) Except as provided in subsection (b), a consumer reporting agency may not impose a fee for any service described in this chapter.

(b) A consumer reporting agency may charge a reasonable fee, not exceeding five dollars (\$5), for each placement or removal of a security freeze under this chapter.

(c) A consumer reporting agency may not charge a fee under this chapter if:

(1) the protected consumer's representative:

(A) has obtained a police report or affidavit of alleged identity fraud against the protected consumer; and

(B) provides a copy of the report or affidavit to the consumer reporting agency; or

(2) a request for the placement or removal of a security freeze is for a protected consumer who is less than sixteen (16) years of age at the time of the request and the consumer reporting agency has a consumer report concerning the protected consumer.

Sec. 18. A consumer reporting agency may remove a security freeze for a protected consumer or delete a record of a protected



consumer if the security freeze was placed or the record was created based on a material misrepresentation of fact by the protected consumer or the protected consumer's representative.

Sec. 19. The provisions of this chapter are severable as provided in IC 1-1-1-8(b).



President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

SEA 394 — Concur

