

ASSEMBLY, No. 1977

STATE OF NEW JERSEY
216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:

Assemblywoman CELESTE M. RILEY

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman NANCY F. MUNOZ

District 21 (Morris, Somerset and Union)

SYNOPSIS

Includes payday lending as a violation of the consumer fraud act.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning certain loans and supplementing P.L.1960, c.39
2 (C.56:8-1 et seq.).

3

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

6

7 1. a. It shall be an unlawful practice for any person to engage
8 in the business of making deferred deposit loans.

9 b. As used in this section, “deferred deposit loan” means any
10 transaction in which a short-term cash advance is made to a
11 consumer who is a resident of this State in exchange for the
12 consumer’s personal check, in the amount of the cash advance plus
13 a fee, whereby the lender agrees to defer depositing or presenting
14 the personal check until a certain date.

15 c. The provisions of this act shall apply to a deferred deposit
16 loan transaction if the lender, wherever located, induces a consumer
17 to enter into the transaction by any means, including, but not
18 limited to: in-person contact, Internet, mail, telephone, print, radio,
19 or television.

20 d. A violation of any provision of this section is a violation of
21 P.L.1960, c.39 (C.56:8-1 et seq.), and shall be subject to all
22 remedies and penalties available pursuant to P.L.1960, c.39
23 (C.56:8-1 et seq.) in addition to any other remedies or penalties
24 provided by law.

25

26 2. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill provides that, in addition to any other remedies and
32 penalties provided by law, it is an unlawful practice under the
33 consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), for any
34 person to engage in the business of making deferred deposit or
35 “payday” loans to consumers in this State.

36 In a payday loan, the lender typically cashes a consumer’s
37 personal check and agrees to defer presentment or deposit of the
38 check until the consumer’s next payday, usually 10 to 30 days later.
39 The amount of the consumer’s check includes both the finance
40 charge paid to the lender and the cash proceeds to the customer.
41 Although the annual percentage rates associated with payday loans
42 may violate existing usury statutes and other laws, this bill
43 expressly prohibits payday loans by making this practice a violation
44 of the consumer fraud act. The bill’s provisions apply to payday
45 loans made by lenders, wherever located, and made by any means,
46 including, but not limited to: in-person contact, Internet, mail,
47 telephone, print, radio, or television.

1 An unlawful practice under the consumer fraud act is punishable
2 by a monetary penalty of not more than \$10,000 for a first offense
3 and not more than \$20,000 for any subsequent offense. In addition,
4 a violation can result in cease and desist orders issued by the
5 Attorney General, the assessment of punitive damages, and the
6 awarding of treble damages and costs to the injured party.