

SALES AND EXCHANGE

CHAPTER 423

S. B. No. 345
(Becker, Trenbeath)

LIMITED LIABILITY OF CREDIT CARD HOLDER

AN ACT

To define credit cards and other terms, and to provide for limited imposition of liability on the holder of a credit card.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Definition of Credit Cards and Other Terms and Imposition of Liability on Cardholder.) In this section the following words and phrases shall, unless the context otherwise requires, have the following meanings:

1. "Adequate notice" means a writing which is conspicuous and which is printed on the credit card or on each periodic statement.
2. "Conspicuous" means any term or clause which is so written that a reasonable person against whom it is to operate ought to have noticed it.
3. "Credit card" means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.
4. "Accepted credit card" means any credit card which the cardholder has requested in writing or has signed or has used, or authorized another to use, for the purpose of obtaining money, property, labor, or services on credit. A renewal credit card shall be deemed to be accepted if it is issued within one year after a prior card has been paid for or used. A credit card issued in connection with a merger, acquisition, or the like of card issuers or

credit card services in substitution for an accepted credit card shall be deemed to be an accepted credit card.

5. "Card issuer" means any person who issues a credit card.
6. "Cardholder" means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.
7. "Unauthorized use" means a use of a credit card by a person other than the cardholder who does not have actual, implied, or apparent authority for such use and from which the cardholder receives no benefit.

A provision imposing liability on a cardholder for the unauthorized use of a credit card shall be effective only if the card is an accepted credit card, the liability imposed is not in excess of one hundred dollars, the card issuer gives adequate notice to the cardholder of the potential liability, and the unauthorized use occurs before the cardholder has notified the card issuer of the loss or theft of the card or of any unauthorized use.

Except as hereinbefore provided, a cardholder incurs no liability from the unauthorized use of either an accepted or an unaccepted credit card.

Approved March 17, 1969.