CHAPTER 426
CONSUMER TRANSACTIONS — ADMINISTRATION

SUBCHAPTER I
POWERS AND FUNCTIONS OF ADMINISTRATOR

426.101 Short title. This chapter shall be known and may be cited as Wisconsin consumer act — administration.

426.102 Applicability. This chapter applies to persons who do any of the following in this state:

1. Make or solicit consumer approval transactions (s. 423.201) or consumer credit transactions or modifications thereof.
2. Directly collect payments from or enforce rights against customers arising from consumer approval transactions or consumer credit transactions, wherever made.
3. Act as a credit services organization, as defined in s. 422.501 (2). (History: 1991 c. 239; 1995 a. 27, 216.)

426.103 Administrator. “Administrator” means the secretary of financial institutions. (History: 1971 c. 249; 1995 a. 27, 216.)

426.104 Powers of administrator; duty to report. (1) In addition to other powers granted by chs. 421 to 427 and 429, the administrator within the limitations provided by law shall:

a. Receive and act on complaints, take action designed to obtain voluntary compliance with chs. 421 to 427 and 429, commence administrative proceedings on his or her own initiative and commence civil actions solely through the department of justice;

b. Counsel persons and groups on their rights and duties under chs. 421 to 427 and 429;

c. Make studies appropriate to effectuate the purposes and policies of chs. 421 to 427 and 429 and make the results available to the public;

2. The administrator shall review any act, practice, procedure or form that has been submitted to the administrator in writing to determine whether the act, practice, procedure or form is consistent with chs. 421 to 427 and 429.

(a) A description of the examination and investigation procedures and policies of the administrator’s office;

(b) A statement of policies followed in deciding whether to investigate or examine the offices of persons subject to chs. 421 to 427 and 429;

(c) A statement of policies followed in deciding whether to bring any action authorized under chs. 421 to 427 and 429;

(d) Such recommendations for modifications or additions to chs. 421 to 427 and 429 as in the experience and judgment of the administrator are necessary;

(e) Such other statements as are necessary or proper to achieve the purposes or policies of this section or to effectuate the purposes or policies of chs. 421 to 427 and 429.

3. The administrator shall make a report to the administrator in writing to determine whether the act, practice, procedure or form is consistent with chs. 421 to 427 and 429.

2. Any charge assessed under subd. 1. for necessary expenses incurred in conducting the review, except the administrator may not charge any of the following persons:

a. A person registered under s. 426.201.

b. A trade organization, if a majority of the members of the trade organization are registered under s. 426.201.

3. Any charge assessed under subd. 2. shall be paid within 30 days after the date on which the administrator assesses the charge.

4. Any act, practice or procedure which has been submitted to the administrator in writing and approved by the administrator within 60 days after its submission to the administrator shall not be deemed to be a violation of chs. 421 to 427 and 429 or any other statute to which chs. 421 to 427 and 429 refer notwithstanding that the approval of the administrator or nondisapproval by the administrator may be subsequently amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

(b) A statement of policies followed in deciding whether to investigate or examine the offices of persons subject to chs. 421 to 427 and 429;

(c) A statement of policies followed in deciding whether to bring any action authorized under chs. 421 to 427 and 429;

(d) Such recommendations for modifications or additions to chs. 421 to 427 and 429 as in the experience and judgment of the administrator are necessary;

(e) Such other statements as are necessary or proper to achieve the purposes or policies of this section or to effectuate the purposes or policies of chs. 421 to 427 and 429.
426.104 ADMINISTRATION

Sub. (4) (b) creates a safe harbor for people who act in ways approved by the Administrator of the Department of Financial Institutions (DFI) — and treats the absence of a response within 60 days of a request as equivalent to approval. The debt collector in this case sent the administrator a letter asking if they are entitled to add 5 percent interest to debts created by the provision of medical services under s. 138.04, the administrator requested further information, which the debt collectors produced, and DFI did not reply. Thus, when the debtors sent letters demanding payment, they were entitled to demand payment of both the principal amounts and interest under s. 138.04. Aker v. Americollect, Inc. 854 F.3d 397 (2017).

Sub. (4) (b) safe harbor, providing that the practices presented to the administrator for opinion "shall not be deemed to be a violation" of other state laws, unless the administrator later announces a different view or a court holds the administrator’s position to be invalid. Aker v. Americollect, Inc. 854 F.3d 397 (2017).

Power and duties of the administrator under the Wisconsin consumer act. Moldenberg, 1973 WBB No. 1.

426.105 Administrative powers with respect to supervised financial organizations. (1) All powers and duties of the administrator under chs. 421 to 427 and 429 shall be exercised by the administrator with respect to a supervised financial organization.

(2) If the administrator receives a complaint or other information concerning noncompliance with chs. 421 to 427 and 429 by a supervised financial organization, the administrator shall inform the organization having supervisory authority over the organization concerned. The administrator may request information about supervised financial organizations from the officials or agencies supervising them.

(3) The administrator and any official or agency of this state having supervisory authority over a supervised financial organization shall consult and assist one another in maintaining compliance with chs. 421 to 427 and 429. They may jointly pursue investigations, prosecute suits and take other official action, as they deem appropriate, if either of them otherwise is empowered to take the action.

History: 1971 c. 239; 1979 c. 89; 1995 a. 329.

426.106 Investigatory powers. (1) At any time that the administrator has reason to believe that a person has engaged in or is about to engage in an act which is subject to action by the administrator, the administrator may make an investigation and, with respect thereto, may administer oaths or affirmations, and, upon the administrator’s own motion or upon request of any party, may subpoena witnesses, compel their attendance, adduce evidence, and require the production of any matter, including the existence, description, nature, custody, condition and location of any books, documents or other tangible things, and the identity and location of persons having knowledge of relevant facts, or any other matter reasonably calculated to lead to the discovery of admissible evidence, and the administrator shall have the right of access to and of examination of such books, documents or other tangible things. In any civil action brought on behalf of the administrator following such an investigation, the administrator may recover the administrator’s costs of making the investigation if the administrator prevails in the action.

(2) If 5 or more persons file a verified complaint with the administrator alleging that a person has engaged in an act which is subject to action by the administrator, the administrator shall immediately commence an investigation pursuant to sub. (1).

(3) If the person’s records are located outside this state, the person at the person’s option shall either make them available to the administrator at a convenient location within this state or pay the reasonable and necessary expenses for the administrator or the administrator’s representative to examine them at the place where they are maintained. The administrator may designate representatives, including comparable officials of the state in which the records are located, to inspect them on the administrator’s behalf.

(4) Upon failure without lawful excuse to obey a subpoena or to give testimony and upon reasonable notice to all persons affected thereby, the administrator may apply to any court of record for an order compelling compliance.

History: 1971 c. 239; 1991 a. 316.

Cross-reference: See also ss. DFI–WCA 1.80 and 1.82, Wis. adm. code.

426.107 Application of chapter 227. Except as otherwise provided, ch. 227 applies to and governs all administrative action taken by the administrator pursuant to chs. 421 to 427 and 429. Notwithstanding s. 227.52, the decisions of the administrator are subject to judicial review as provided in ch. 227.

History: 1971 c. 239; 1979 c. 89; 1985 a. 182 s. 57; 1995 a. 329.

426.108 Unconscionable conduct. The administrator shall promulgate rules declaring specific conduct in consumer credit transactions and the collection of debts arising from consumer credit transactions to be unconscionable and prohibiting the use of those unconscionable acts. In promulgating rules under this section, the administrator shall consider, among other things, all of the following:

1. That the practice unfairly takes advantage of the lack of knowledge, ability, experience, or capacity of customers.

2. That those engaging in the practice know of the inability of customers to receive benefits properly anticipated from the goods or services involved.

3. That there exists a gross disparity between the price of goods or services and their value as measured by the price at which similar goods or services are readily obtainable by other customers, or by other tests of true value.

4. That the practice may enable merchants to take advantage of the inability of customers reasonably to protect their interests by reason of physical or mental infirmities, illiteracy or inability to understand the language of the agreement, ignorance or lack of education or similar factors.

5. That the terms of the transaction require customers to waive legal rights.

6. That the terms of the transaction require customers to unreasonably jeopardize money or property beyond the money or property immediately at issue in the transaction.

7. That the natural effect of the practice is to cause or aid in causing customers to misunderstand the true nature of the transaction or their rights and duties under the transaction.

8. That the writing purporting to evidence the obligation of the customers in the transaction contains terms or provisions or authorizes practices prohibited by law.

9. Definitions of unconscionability in statutes, rules, rulings and decisions of legislative, administrative or judicial bodies.

History: 1971 c. 239; 1999 a. 85.

Cross-reference: See also ss. DFI–WCA 1.85, 1.86, 1.87, and 1.88, Wis. adm. code.

426.109 Temporary relief; injunctions. (1) The administrator or any customer may bring a civil action to restrain by temporary or permanent injunction a person from violating chs. 421 to 427 and 429 or the rules promulgated pursuant thereto, or to so restrain a merchant or a person acting on behalf of a merchant from engaging in false, misleading, deceptive, or unconscionable conduct in consumer credit transactions. It shall not be a defense to an action brought under this section that there exists an adequate remedy at law.

(2) The administrator or customer may seek a temporary restraining order without written or oral notice to the adverse party or his or her attorney. If the court finds that there is reasonable cause to believe that the respondent is engaged in the conduct sought to be restrained and that such conduct violates chs. 421 to 427 and 429 or rules promulgated under chs. 421 to 427 and 429, it may grant a temporary restraining order or any temporary relief if it deems appropriate. A temporary restraining order granted without notice shall expire by its terms within a stated time after entry, not to exceed 30 days, as the court fixes, unless within this time it is extended by the court, or unless the party against whom the order is directed consents that it may be extended for a longer period. When a temporary restraining order is granted without notice, the motion for a preliminary injunction shall be set down for a hearing at the earliest possible time. Upon notice to the party who obtained the temporary restraining order without notice, the

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adverse party may appear and move its dissolution or modification,
and in this event the court shall proceed to hear and determine
such motion as expeditiously as the ends of justice require.

**History:** 1971 c. 239; 1979 c. 89; 1995 a. 329.

### 426.110 Class actions; injunctions; declaratory relief.

1. Either the administrator, or any customer affected by a viola-
tion of chs. 421 to 427 and 429 or of the rules promulgated pur-
suant thereto or by a violation of the federal consumer pro-
tection act, or by conduct of a kind described in sub. (2), may bring
a civil action on behalf of himself or herself and all persons simi-
larly situated, for actual damages by reason of such conduct or
violation, together with penalties as provided in sub. (14), rea-
sonable attorney fees and other relief to which such persons are
entitled under the circumstances, including individual notice to all mem-
bers of the class predominate over any questions affect-
ing individual members, and that a class action is superior to
the class as a whole; or

2. Demand that such person correct, or otherwise remedy the
basis for the alleged claim.

3. Notwithstanding this chapter, no class action may be
maintained for conduct proscribed in sub. (2) or for a violation of
s. 423.301, 424.501, 423.107, 426.108 or 427.104 (1) (h) unless
the conduct has been found to constitute a violation of chs. 421 to
427 and 429 at least 30 days prior to the occurrence of the conduct
involved in the class action by an appellate court of this state or
by a rule promulgated by the administrator as provided in ss.
426.104 (1) (e) and 426.108 specifying with particularity the act
or practice in question.

4. (a) At least 30 days or more prior to the commencement of
a class action for damages pursuant to the provisions of this sec-
tion, any party must:

1. Notify the person against whom an alleged cause of action
is asserted of the particular alleged claim or violation; and

2. Demand that such person correct, or otherwise remedy the
basis for the alleged claim.

(b) Such notice shall be in writing and shall be sent by certified
or registered mail, return receipt requested, to such person at
the place where the transaction occurred, such person’s principal
place of business within this state, or, if neither will effect actual
notice, the department of financial institutions.

(c) Except as provided in par. (e), no action for damages may
be maintained under this section if an appropriate remedy, which
shall include actual damages and may include penalties, is given,
or agreed to be given within a reasonable time, to such party within
30 days after receipt of such notice.

(d) Except as provided in par. (e), no action for damages may
be maintained under this section upon a showing by a person
against whom the alleged claim or violation is asserted that all of the
following exist:

1. All customers similarly situated have been identified, or a
reasonable effort to identify such other customers has been made;

2. All customers so identified have been notified that upon
their request such person shall make the appropriate remedy;

3. The remedy requested by such customers has been or in a
reasonable time will be given; and

4. Such person has ceased from engaging, or if immediate
cessation is impossible under the circumstances, such person will,
within a reasonable time, cease to engage in any acts on which the
alleged claim is based.

(e) An action for injunctive relief may be commenced without
compliance with par. (a). Not less than 30 days after the com-
 mencement of an action for injunctive relief, and after compliance
with par. (a) the customer may amend his or her complaint without
leave of court to include a request for damages. The appropriate
provisions of par. (c) or (d) shall be applicable if the complaint for
injunctive relief is amended to request damages.

5. The court shall permit a class action for damages pursuant to
the provisions of this section if an appropriate remedy, which
shall be permitted, upon application within 30 days, to join as a
party plaintiff. For purposes of apportionment of cost, the admin-
istrator need not be a party to the action.

6. Actions may be maintained under this section against any
person who in making, soliciting or enforcing consumer credit
transactions engages in any of the following kinds of conduct:

(a) Making or enforcing unconscionable terms or provisions
of consumer credit transactions;

(b) False, misleading, deceptive, or unconscionable conduct
in inducing customers to enter into consumer credit transactions;

(c) False, misleading, deceptive, or unconscionable conduct
in enforcing debts or security interests arising from consumer credit
transactions.

7. Notwithstanding this chapter, no class action may be
maintained for conduct proscribed in sub. (2) or for a violation of
s. 423.301, 424.501, 423.107, 426.108 or 427.104 (1) (h) unless
the conduct has been found to constitute a violation of chs. 421 to
427 and 429 at least 30 days prior to the occurrence of the conduct
involved in the class action by an appellate court of this state or
by a rule promulgated by the administrator as provided in ss.
426.104 (1) (e) and 426.108 specifying with particularity the act
or practice in question.

8. (a) At least 30 days or more prior to the commencement of
a class action for damages pursuant to the provisions of this sec-
tion, any party must:

1. Notify the person against whom an alleged cause of action
is asserted of the particular alleged claim or violation; and

2. Demand that such person correct, or otherwise remedy the
basis for the alleged claim.

(b) Such notice shall be in writing and shall be sent by certified
or registered mail, return receipt requested, to such person at
the place where the transaction occurred, such person’s principal
place of business within this state, or, if neither will effect actual
notice, the department of financial institutions.

(c) Except as provided in par. (e), no action for damages may
be maintained under this section if an appropriate remedy, which
shall include actual damages and may include penalties, is given,
or agreed to be given within a reasonable time, to such party within
30 days after receipt of such notice.

(d) Except as provided in par. (e), no action for damages may
be maintained under this section upon a showing by a person
against whom the alleged claim or violation is asserted that all of the
following exist:

1. All customers similarly situated have been identified, or a
reasonable effort to identify such other customers has been made;

2. All customers so identified have been notified that upon
their request such person shall make the appropriate remedy;

3. The remedy requested by such customers has been or in a
reasonable time will be given; and

4. Such person has ceased from engaging, or if immediate
cessation is impossible under the circumstances, such person will,
(b) The judgment, whether favorable or not, will include all members who do not request exclusion; and

(c) Any member who does not request exclusion may, if the member desires, enter an appearance through the member’s counsel.

NOTE: Sub. (8) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(9) The judgment in an action maintained as a class action under sub. (6) (a) or (b), whether or not favorable to the class, shall include and describe those whom the court finds to be members of the class. The judgment in an action maintained as a class action under sub. (6) (c), whether or not favorable to the class, shall include and specify or describe those to whom the notice provided in sub. (8) was directed, and who have not requested exclusion, and whom the court finds to be members of the class.

NOTE: Sub. (9) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(10) When appropriate, an action may be brought or maintained as a class action with respect to particular issues, or a class may be divided into subclasses and each subclass treated as a class, and this section shall then be construed and applied accordingly.

NOTE: Sub. (10) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(11) If the judgment is for a class of plaintiffs, the court shall render judgment in favor of the administrator and against the defendants for all costs of notice incurred by the administrator in such action.

NOTE: Sub. (11) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(12) In the conduct of actions to which this section applies, the court may make appropriate orders, which may be altered or amended as may be desirable from time to time, for any of the following purposes:

(a) Determining the course of proceedings or prescribing measures to prevent undue repetition or complication in the presentation of evidence or argument.

(b) Requiring, for the protection of the members of the class or otherwise for the fair conduct of the action, that notice be given in such manner as the court may direct to some or all of the members of any step in the action, or of the proposed extent of the judgment, or of the opportunity of members to signify whether they consider the representation fair and adequate, to intervene and present claims or defenses, or otherwise to come into the action.

(c) Imposing conditions on the representative parties or on intervenors.

(d) Requiring that the pleadings be amended to eliminate therefrom allegations as to representation of absent persons, and that the action proceed accordingly.

(e) Dealing with procedural matters similar to those under pars. (a) to (d).

NOTE: Sub. (12) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(13) A class action shall not be dismissed or compromised without the approval of the court, and notice of the proposed dismissal or compromise shall be given to all members of the class in such manner as the court directs.

NOTE: Sub. (13) is repealed eff. 7–1–18 by Sup. Ct. Order 17–03.

(14) A merchant shall not be liable in a class action for specific penalties under s. 425.302 (1) (a), 425.303 (1), 425.304 (1), 425.305 (1) or 429.301 (1) for which it would be liable in individual actions by reason of violations of chs. 421 to 427 and 429 or of conduct prescribed in sub. (2) unless it is shown by a preponderance of the evidence that the violation was a willful and knowing violation of chs. 421 to 427 and 429. No recovery in an action under this subsection may exceed $100,000.

(15) A plaintiff who prevails shall be awarded a reasonable attorney’s fees. Notwithstanding s. 425.308 (2), reasonable attorney’s fees in a class action shall be determined by the value of the time reasonably expended by the attorney rather than by the amount of the recovery on behalf of the class. A legal aid society or legal services program which represents a class shall be awarded a reasonable service fee in lieu of reasonable attorney’s fees, equal in amount to the amount of the attorney’s fees as measured by this subsection.

(16) The administrator, whether or not a party to an action, shall bear the costs of notice except that the administrator may recover such costs from the defendant.

NOTE: Sub. (16) is shown as amended eff. 7–1–18 by Sup. Ct. Order 17–03. Prior to 7–1–18 it reads.

(17) The administrator, whether or not a party to an action, shall bear the costs of notice except that the administrator may recover such costs from the defendant as provided in sub. (11).


NOTE: Sup. Ct. Order No. 17–03 states that “the Judicial Council Committee Notes above are not adopted, but will be published and may be consulted for guidance in interpreting and applying these rules.” Judicial Council Committee Note, 2017: Repealed sub. (5) through (13) were procedural rules modeled on a previous version of Rule 23 of the Federal Rules of Civil Procedure. Recreated s. 803.08 is modeled on the current version of Rule 23. The procedural provisions in s. 426.110 were repealed and replaced with the new procedures in s. 803.08 to maintain consistency in the statutes and to reflect current law.

Sub. (4) (c) is procedural and not substantive as it does not grant or deny the substantive right to sue. Mace v. Van Ru Credit Corp. 109 F.3d 338 (1997).

426.111 Debtors’ remedies not affected. The grant of powers to the administrator in this chapter does not affect remedies available to customers under chs. 421 to 427 and 429 or under other principles of law or equity.

History: 1971 c. 239; 1979 c. 89; 1995 a. 329.

SUBCHAPTER II
REGISTRATION AND FEES

426.201 Registration. (1) The registration requirements of this section apply to persons who do any of the following in this state:

(a) Make or solicit consumer credit transactions, except a person who engages in consumer credit transactions solely through honoring credit cards issued by 3rd parties not related to such person.

(b) Directly collect payments from or enforce rights against customers arising from such transactions, wherever made.

(2) Each person subject to the registration requirements under sub. (1) shall file a registration statement with the administrator within 30 days after commencing business in this state. The registration statement shall include all of the following information:

(a) The name of the person.

(b) The name under which the person transacts business if different from par. (a).

(c) The address of the person’s principal office, which may be outside this state.

(d) The addresses of all of the person’s offices or retail stores, if any, in this state.

(e) If consumer transactions or other business subject to this chapter are made otherwise than at an office or retail store in this state, a brief description of the manner in which they are made.

(f) The address of the person’s designated agent upon whom service of process may be made in this state.

(fm) The year–end balance of all consumer credit transactions held by the person. In this paragraph, “year–end balance” has the meaning given under s. 426.202 (1m) (a).

(g) Such other similar information as the administrator may require to effectuate the purposes and policies of chs. 421 to 427 and 429.

(2m) (a) Except as provided in par. (b), each person subject to the registration requirements under sub. (1) shall file a registration statement containing the information under sub. (2) (a) to (g) no later than February 28 of each year following the year of the person’s initial registration under sub. (2).

(b) 1. In this paragraph, “year–end balance” has the meaning given in s. 426.202 (1m) (a).
2. Paragraph (a) does not apply if the person’s year-end balance is not more than $250,000.

(3) The administrator shall adopt rules governing the filing of changes, additions, or modifications of the registration statement required by this section, and shall adopt rules pertaining to form, verification, fees, and similar matters pertaining to the registration.

(4) The following persons shall not be subject to this section solely by reason of their debt collection activities unless they are licensed debt collectors under s. 218.04:

(a) Attorneys authorized to practice law in this state or professional service corporations composed of licensed attorneys formed pursuant to ss. 180.1901 to 180.1921;

(b) Duly licensed real estate brokers and real estate salespersons; and

(c) Duly licensed insurance companies subject to the supervision of the office of the commissioner of insurance.

(5) No person is subject to this section solely by reason of offering the discount described in s. 422.201 (8).

History: 1971 c. 239; 1975 c. 407; 1979 c. 168 s. 21; 1979 c. 341 s. 12 (2); 1989 a. 303; 1995 a. 27, 328, 329; 2001 a. 16.

426.202 Fees. (1m) Amount of registration fee. (a) Definitions. In this subsection:

2. “Reporting period” means, for any registration statement, the last full calendar year preceding the date on which the registration statement is due.

3. “Year-end balance” means, for any reporting period, the outstanding balance of all consumer credit transactions that a person has entered into or has obtained by assignment, and that originated in this state, as of December 31 preceding the annual registration filing date under s. 426.201 (2m) (a).

(b) Registration fee requirement. Any person required to register under s. 426.201 shall pay a registration fee to the administrator when the person files the registration statement required under s. 426.201.

(c) Amount of registration fee. The amount of the registration fee shall be determined in accordance with rates set by the administrator. In setting these rates, the administrator shall consider the costs of administering chs. 421 to 427 and 429, including the costs of enforcement, education and seeking voluntary compliance with chs. 421 to 427 and 429. The registration fee for a person shall be based on the person’s year-end balance for the reporting period.

History: 1971 c. 239; 1973 c. 116 s. 6; 1975 c. 407; 1979 c. 168 s. 21; 1991 a. 316; 1995 a. 27, 328, 329; 2001 a. 16.

426.301 Violations and enforcement. (1) The administrator may recover in a civil action from a person who violates chs. 421 to 427 and 429 or any rule made pursuant to any authority granted in chs. 421 to 427 and 429, a civil penalty of not less than $100 and not more than $1,000 for each violation.

(2) In addition to the amount to which the administrator shall be entitled under sub. (1), the administrator may recover in a civil action from a person who knowingly or willfully violates chs. 421 to 427 and 429 or any rule made pursuant to any authority granted in chs. 421 to 427 and 429, a civil penalty of not less than $1,000 and not more than $10,000 for each violation.

History: 1971 c. 239; 1979 c. 89; 1995 a. 329.