

Federal Law No (19) for the year 2016
In respect of Combating Commercial Fraud

We, **Khalifa bin Zayed**, the President of the United Arab Emirates.

- Having reviewed the Constitution
- And the Federal Law Ni(1) of 1972 on the Jurisdiction of Ministries and Competence of Ministries
- And the federal law No (15) of 1975 in respect of the Commercial Register
- And the federal law No (14) of 1979 in the respect of Suppression of Fraud and Deceit in Commercial Transactions
- And the federal law No (15) of 1979 concerning Agriculture Quarantine and its amendments
- And the federal law No (10) of 1980 concerning the Central bank, The Monetary System and Organization of Banking and its amendments
- And the federal law No (18) of 1981 concerning Organization of the Commercial Agencies and its amendments
- And the federal law No (4) of 1983 concerning the Profession of Pharmacy and Pharmaceutical Establishments
- And the federal law No (2) of 2015 concerning the Commercial Companies
- And the federal law No (5) of 1985 concerning the Civil Transactions Law of the United Arab Emirates and its amendments
- And the federal law No (3) of 1987 concerning the Penal Code and its amendments
- And the federal law No (35) of 1992 concerning the Criminal Procedures and its amendments
- And the federal law No (36) of 1992 concerning Rehabilitation
- And the federal law No (37) concerning the Trade Marks and its amendments
- And the federal law No (38) of 1992 concerning creating plant nurseries and organizing the production, importation and circulation of layers.
- And the federal law No (39) of 1992 concerning the production, importation and circulation of fertilizers and soil reclaiming

- And the federal law No (39) of 1992 concerning Agricultural Pesticides
- And the federal law No (11) of 2015 concerning Supervision of Trading in stamping of precious metals and stones
- And the federal law No (18) of 1992 concerning Commercial Transactions
- And the federal law No (14) of 1995 concerning counter measures against Narcotic Drugs and Psychotropic substances
- And the federal law No (20) of 1995 concerning medicines and products derived from Natural Resources
- And the federal law No (4) of 2000 concerning the Emirates Securities and Goods Authority and Market and its amendments
- And the federal law No (28) of 2001 concerning setting up of Emirates Specification and standards Authority and its amendments
- And the federal law No (7) of 2002 concerning Copyright and Neighboring Rights and its amendments
- And the federal law No (17) of 2002 concerning the Industrial Regulation and Protection of Patents, Industrial Drawings and Designs and its amendment
- And the federal law No (8) of 2015 concerning the Federal Customs Authority
- And the federal law No (3) of 2003 concerning the Organization of Telecommunication Sector and its amendment
- And the federal law No (1) of 2001 concerning Electronic Commerce and Transactions
- And the federal law No (24) of 2006 concerning the Protection of the Consumer and its amendments
- And the federal law No (6) of 2007 concerning Establishment of the Insurance Authority and Organization of its Operations and its amendments
- And the federal law No (13) of 2007 concerning Goods Subject to control of Import and Export and its amendments
- And the federal law No (5) of 2012 concerning Combating of Information Technology Crimes.

And in accordance with the presentations made by the Minister of Economy and the approval of the Council of Ministers and the federal national Council and ratification of the Supreme Council.

Promulgate the following Law:

Article (1)

DEFINITIONS

In application of this Law, unless the context requires otherwise, the following words and expressions shall bear the meaning set and against them:

The State: The United Arab Emirates

The Ministry: The Ministry of Economy

The Minister: The Minister of Economy

The Competent Authority: The Federal or local competent Authority

The Higher Committee: The Higher Committee of Combating Commercial
Fraud

The Sub-Committee: The Committee of Combating Commercial Fraud in the
concerned Emirate

Commercial Fraud:

Deception of one of the customers by any means whether by changing or altering the goods or their amount or nature or price or their material description or origin or source or fitness or any other matter related thereto, or presenting un true or misleading trading information on the promoted products, which include fraud, imitation and cheating by doing service which does not conform with the applicable laws or may include false and misleading statements.

Deception:

Using fraudulent means either by word of mouth or by doing an act by one of the contracting parties to induce the other party to enter into a contract or the omission purposed by one of the parties of a certain incident or circumstance or defect in

goods if it is proved that party would not have entered into the contract should he became aware thereof.

Goods:

Every natural material or animal or agricultural or industrial or converted product including raw materials an ingredient used in the product.

Trader:

Any natural or juridical person who works in his name and account in the business activities prescribed by the Commercial Transactions Law or assumes business activity or take one of the forms set forth in the commercial companies law even he practices civil activity or announce to the public in any manner the activity which he set up for trading or exercises business using false name or hidden behind or hiding another person.

Establishment:

Any corporate or company or other legal entity takes any of the legally forms whereby the economic activity may be exercised in the State.

Fraudulent Goods:

Goods which do not conform to the regulations, conditions, requirements, specifications and measurements determined by the laws, rules, regulations and decisions, applicable in the State, or that goods, subjected to alteration whatever its nature or form or source without obtaining necessary approvals, or that advertised or promoted contrary to their fact.

Corrupt Goods:

The goods which become not suitable for use by reason of storage transportation factors or being vulnerable to other bad natural conditions or that contravened the terms and conditions prescribed by the laws, regulations and the approved technical specifications.

Counterfeit Goods:

The goods which bear, without permission, a trademark which is identical or similar to a legally registered trademark.

Article (2)

1. The provisions of this law shall apply to anyone who commits an act of commercial fraud; and the free zones in the State shall not be exempted from the provisions of these laws.
2. Any of the following acts shall be considered to be an act of commercial fraud.
 - a.Importation or export or re-export or manufacture or sell or offer for sale or possession with the intent to sell or store or rent or marketing or circulation of fraudulent, corrupt or counterfeit goods.
 - b.Advertising for prizes or reductions which are fictitious or untrue.
 - c.Using commercial advertisements or presentations in misleading promotions or incorrect announcements, or promotion for fraudulent, corrupt or counterfeit goods.
 - d.Offering or presenting or promoting or announcing for fake commercial services.

Article (3)

Without prejudice to criminal liability, the relevant authority may issue a decision ordering the importer to return fraudulent or corrupt goods to their source within a specific period of time. If the importer fails to return such goods to their sources within the said period, the competent authority may order to be destroyed or permits to be used for any other suitable purpose or may undertake returning such goods to their source. Counterfeit goods shall be destroyed in accordance with the rules and regulations determined by the implementing regulations of this law.

In all case the importer shall be pay any costs or expenses incurred by the competent authority in disposing of such goods.

Article (4)

The trader shall be liable for the following:

1. To submit to the competent authority mandatory trade books or alike, which reflects correct commercial statement of the goods he owns or possesses, and their value and all other supporting documents and invoices whenever requested.
2. To put on the goods explanatory statement which are the definitely tag or any written or printed or painted or engraved for any of the products showing the components of the commodity and how to be used or serviced or stored in accordance with the laws applicable in the State.
3. To submit to the competent authority any evidence determining the details and information of the provided service.

Article (5)

1. A committee shall be formed in the Ministry by a decision of the Minister to be known as the Higher Committee for Combating Commercial fraud, to be presided over by the Ministry undersecretary and two representatives of the competent authority as members, and shall be in charge of the following.
 - a. To propose strategies and policies for combating commercial fraud.
 - b. To study commercial fraud reports referred by the competent authority and take appropriate decisions thereof.

- c. To identify obstacles facing implementation of the law and suggest a mechanism to tackle such obstacles.
 - d. To issue the necessary regulations for the work of sub-committees.
 - e. To carry out any other relevant task assigned under a Ministerial Resolution.
2. The Higher Committee may seek the assistance of any advisors and expert, as it deems appropriate without granting them the right to vote on its decisions.

Article (6)

A sub-committee shall be formed in every emirate for combating the commercial fraud and shall undertake the following:

- 1. To look into the submitted request for conciliation of the establishment violations with the exception of the violations mentioned in Article (14) of this Law.
- 2. To warn the offending establishment. The implementing regulations of this law shall determine the types of warnings.
- 3. To close down the offending establishments for a period not exceeding two weeks in coordination with the competent authority.
- 4. To follow up the process of destruction, recycling or returning to the source according to the situation of fraudulent, corrupt or counterfeit goods.
- 5. To provide the Ministry with periodical report on its activities in accordance with the implementing regulations of this law.

Article (7)

The parties concerned may object against the closing down decisions issued by the sub-committees, before the Higher Committee within a period not exceeding five business days from the date thereof. The Higher Committee shall issue its decisions on such objection within three business days from the date on which such objection was submitted.

Article (8)

1. The sub-committee may conduct conciliation of the offences in accordance with the request of the offender, and set the fine for which the offender shall pay, provided that it shall not be less than two times of the minimum limit of the fine prescribed by this law.
2. If the offender refuses conciliation, the papers shall be referred to the public prosecution. If refusal is made by the sub-committee, the offender may appeal to the Higher Committee.
3. The implementing regulations of this law shall determine necessary procedure to conclude conciliation.

Article (9)

Except for goods which are subject to damage by expiration of their validity periods, the competent authority may keep the confiscated goods under custody of the offending establishment and at its own expense for a period not exceeding thirty days from the date of confiscation and not to be disposed of pending a decision in respect thereof by the sub-committee.

Article (10)

The offending establishment may request the release of the confiscated goods from the competent court. Such goods may be released only under a court order.

Article (11)

The proceeds of conciliation referred to in Article (8) of this law shall be credited to the account of the competent authority that carried out confiscation.

Article (12)

Whoever commits crime of commercial fraud shall be punished by imprisonment for a period not exceeding two years and a fine of not less than fifty thousand dirhams and not exceeding two hundred thousand dirhams, or either of the two punishments.

Article (13)

Whoever attempts to commit a crime of commercial fraud shall be punished by imprisonment for a period not exceeding one year and a fine of not less than ten thousand dirhams and not exceeding one hundred thousand dirhams, or either of the two punishments.

Article (14)

Whoever commits or attempts to commit a crime of commercial fraud in case the subject of the crime is human or animal food or medical drugs or agricultural crops or organic agricultural products shall be punished by imprisonment for a period not exceeding two years and a fine of not less than two hundred fifty thousand dirhams and not exceeding one million dirhams, or either of the two punishments.

Article (15)

1. Subject to the provisions of Article (3) of this law, whoever disposes of goods under custody in any manner without obtaining approval or permission from the sub-committee shall be punished by imprisonment for a period not exceeding six months and fine equivalent to two times of the value of the goods disposed of.
2. In the event that the goods disposed of are human or animal food or medical drugs or agricultural crops or organic agricultural products, the punishment shall be imprisonment for a period not exceeding two years and a fine of not less than two hundred fifty thousand dirhams and not exceeding one million dirhams, or either of the two punishments.

Article (16)

The trader shall not be exempted from the punishment prescribed by this law, even if the buyer is aware that the commodities are fraudulent, corrupt or counterfeit.

Article (17)

In the event of conviction in one of the crimes stated in Article (14) and Clause (2) of Article (15) of this law, the court shall order confiscation or destruction of the foods or drugs or crops or product and the tools used, in addition to the prescribed punishment, and shall order such judgment to be published on two daily local newspapers, one of which should be Arabic, at the expenses of the convicted person.

Article (18)

1. In the event of conviction in one of the crimes stated in Article (14) and Clause (2) of Article (15) of this law, the court shall order close down of the offending

establishment for a period not exceeding six months, in addition to the prescribed punishment.

2. Without prejudice to the provisions of Clause (1) of this Article, if the offending establishment is a multi-section store, the section in which the offense has been seized or related to the offending goods shall be closed down and a sticker be fixed on the closed place or section indicating the reason of closure.

Article (19)

Without prejudice to any more severe punishment in any other law, whoever violates any other provision of this law and its implementing regulation shall be punished by fine not exceeding fifty thousand dirhams.

Article (20)

1. In addition of imposing the prescribed punishment the court shall, in the event of repeating violation of the provision of Article (14) and Clause (2) of Article (15), order cancellation of the license.
2. Subject to the provisions of the preceding clause the court may, in the event of repetition of violation of this law, order more severe punishment or add the close down and cancellation of the license to the punishment.

Article (21)

The officers who are determined by a resolution of the Ministry of Justice in coordination with the Minister and the competent authority, shall have the capacity of judicial officers for detecting the violation of the provisions of this law and its implementing regulations and the resolutions issued for its execution.

Article (22)

The competent authorities, with their respective areas of competence, shall be responsible for implementing the provisions of fraud in service in accordance with the regulations prescribed by the Council of Ministers.

Article (23)

The Council of Minister shall issue the implementing regulations and the resolutions necessary for execution of the provisions of this law within one hundred and eighty days from the effective date of this law.

Article (24)

Any provision which is contrary to or conflicting with the provisions of this law shall be repealed, as well as the federal law No (4) 1979 in respect of combating fraud and deception in commercial transactions. And the implementing regulations and resolutions shall remain in force to the extent that they are not conflicting with the provisions of this law until issuance of the regulations and resolutions replacing.

Article (25)

This Law shall be published on the official gazette and shall come into force from the day following publication.

**Khalifa bin Zayed Al Nahyan,
President of United Arab Emirates**

**Issued at the Presidential Palace in Abu Dhabi
On 13 Rabi ALawal 1438 H
Corresponding to 12 December 2016**

ジェトロ仮訳

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