

Federal Law No. 19
Issued on 2016/12/12
Corresponding to 13 Rabi' Al-Awwal 1438 H
ON COMBATING COMMERCIAL FRAUD

Abrogating

Federal Law no 4/1979 dated 1979/03/19.

We, Khalifa bin Zayed Al Nahyan President of the United Arab Emirates,
Pursuant to the perusal of the Constitution; and

Federal Law no. (1) of 1972 on the Competencies of the Ministries and
Powers of the Ministers, and its amendments;

Federal Law no. (5) of 1975 on the Commercial Register;

Federal Law no. (4) of 1979 on the suppression of fraud and deception in
commercial transactions;

Federal Law no. (5) of 1979 on agricultural quarantine, and its amendments;

Federal Law no. 6 of 1979 on the veterinary quarantine, and its
amendments;

Federal Law no. (10) of 1980 on the Central Bank, the Monetary System
and the Organisation of the Banking Profession, and its amendments;

Federal Law no. (18) of 1981 on the regulation of commercial agencies, and
its amendments;

Federal Law no. (4) of 1983 on the Profession of Pharmacy and
Pharmaceutical Institutions;

Federal Law no. (2) of 2015 on the commercial companies;

Federal Law no. (5) of 1985 on the promulgation of the Civil Transactions
Law of the United Arab Emirates and its amendments;

Federal Law no. (3) of 1987 promulgating the Penal Code, and its
amendments;

Federal Law no. (35) of 1992 promulgating the Criminal Procedure Law, and
its amendments;

Federal Law no. (36) of 1992 on Restitution;

Federal Law no. (37) of 1992 on trademarks and its amendments;

Federal Law no. (38) of 1992 on the establishment of arboretums and the
regulation of the production, import and circulation of seedlings;

Federal Law no. (39) of 1992 concerning the production, import and trading
of fertilisers and soil conditioners;

Federal Law no. (41) of 1992 on pesticides;

Federal Law no. (11) of 2015 controlling trading high-value stones and
precious metals and stamping them;

Federal Law no. (18) of 1993 on the promulgation of the Commercial
Transactions Law;

Federal Law no. (14) of 1995 regarding fighting narcotics and psychotropic
substances, and its amendments;

Federal Law no. (20) of 1995 on the Drugs and Pharmaceuticals derived from Natural Resources;

Federal Law no. (4) of 2000 on UAE Securities & Commodities Authority and Market, and its amendments;

Federal Law no. (28) of 2001 on the establishment of Emirates Authority for Standardisation and Metrology, and its amendments;

Federal Law no. (7) of 2002 on copyrights and neighbouring rights, and its amendments;

Federal Law no. (17) of 2002 on the regulation and protection of industrial property rights for patents and industrial designs and models, and its amendments;

Federal Law no. (8) of 2015 on the Federal Customs Authority;

Federal Decree-Law no. (3) of 2003 on the Regulation of Telecommunication Sector, and its amendments;

Federal Law no. (1) of 2006 on electronic transactions and commerce;

Federal Law no. (24) of 2006 on consumer protection, and its amendments;

Federal Law no. (6) of 2007 on the Establishment of the Insurance Authority and Regulation of its Operations, and its amendments;

Federal Law no. (13) of 2007 on the commodities subject to the import and export control, and its amending laws;

Federal Decree-Law no. (5) of 2012 on Combating IT Crimes;

And based on the proposal of the Minister of Economy, the approval of the Cabinet and the Federal National Council and the ratification of the Federal Supreme Council,

Issued the following Law:

Article 1 - Definitions

In the implementation of the provisions of this Law, the following words and expressions shall have the meanings stated beside them unless the context requires otherwise:

State: United Arab Emirates.

Ministry: Ministry of Economy.

Minister: Minister of Economy.

Competent authority: Competent federal or local authority.

Supreme Committee: Supreme Committee for combating Commercial Fraud

Sub-committee: Committee for combating commercial fraud in the concerned Emirate.

Commercial Fraud: Deceiving a customer in any way by altering or changing the nature, amount, type, price, essential characteristics, origin, source or validity of the commodities or any other matter related thereto or submitting incorrect or misleading commercial data on the promoted products. This shall include deception, counterfeiting and fraud in the service in a way not

compliant with the laws in force at the State or for including false or misleading statements.

Deception: Using fraudulent anecdotal or actual means by a contracting party to make the other party enter into a contract, or a contracting party deliberately hiding a fact or defect in the item if it was proved that the other party would not have entered into a contract if he had known of the same.

Commodity: All natural materials or animal, agricultural, industrial or transformational products, including the primary materials and components of the product.

Merchant: Any physical or legal person, working in his name and for his account in the commercial works set forth in the Commercial Transactions Law, who starts a commercial activity or takes any of the forms set forth in the Commercial Companies Law, even if such activity is civil, or declares to the public, in any way, of an activity founded for commerce, or exercises trade under a pseudonym or a hidden name behind another person or covering for another person.

Establishment: Any institution, company or any other entity taking any of the legal forms through which the commercial activity may be exercised at the State.

Fake Commodities: The commodities that do not conform with the rules, conditions, requirements, specifications and standards determined by the laws, regulations, rules and decisions in force at the State or the commodities that were subject to a change of any type, form, source or nature without obtaining the required approvals, or those advertised or promoted in a way that is contrary to the truth thereof.

Corrupt Commodities: The commodities that are no longer usable due to storage or transport factors or that were subject to other natural factors, contradicting the conditions specified in the laws, regulations and approved technical specifications, including damaged commodities.

Counterfeit Commodities: The commodities bearing, without authorisation, a trademark that is conformant or similar to the legally registered trademark.

Article 2

1- The provisions of this Law shall apply to whomever committed a commercial fraud, without excluding the free zones from the application of these provisions.

2- Any of the following acts shall be considered a commercial fraud:

a- The import, export, re-export, manufacturing, sale, display or acquisition for the purpose of sale, storage, lease, marketing or trading, the fake, corrupt or counterfeit commodities.

b- Advertising fake or unreal prizes or reductions.

c- Exploiting commercials, submitting the same or promising to submit the same in misleading and incorrect promotions or promoting fake, corrupt or counterfeit commodities.

d- Offering, submitting, promoting or advertising fake commercial services.

Article 3

Without prejudice to the criminal liability, the competent authority shall issue a decision compelling the importer to return the fake or corrupt commodities to their source within a specified period. If he fails to return the same to their source within this period, the competent authority may order their destruction, allow the use thereof for any other purpose or return them by itself to their source. The counterfeit commodities shall also be destroyed, according to the conditions and rules determined by the Implementing Regulation of this Law.

In all events, the importer shall settle any costs or expenses incurred by the competent authority because of the disposition of the violating commodities.

Article 4

The merchant shall:

1- Submit to the competent authority the mandatory commercial books or the like clarifying the commercial information of the commodities owned or acquired by him, the value thereof and all the supporting documents and invoices whenever required to do so.

2- Place on the commodities the explanatory information, i.e. the ID labels, or any information written, printed, drawn or engraved on the product and stating the components, methods of use, maintenance or storage of the commodities according to the laws in force at the State.

3- Submit to the competent authority all that would determine the data and information of the provided service.

Article 5

1- A Supreme Committee shall be formed by a decision from the Minister under the name "Supreme Committee for Combating Commercial Fraud", reporting to the Ministry, presided by the Undersecretary and having as members, representatives of the competent authorities. It shall:

a- Suggest the strategies and policies to combat commercial fraud.

b- Study the commercial fraud reports referred to it by the competent authority and take necessary decisions in their regard.

c- Study the obstacles faced by law enforcement and suggest a mechanism to address the same.

d- Issue the working regulation of the sub-committees.

e- Any other related tasks assigned by a decision from the Minister.

2- The Supreme Committee may refer to consultants and experts deemed appropriate without having the right to vote on its decisions.

Article 6

A sub-committee shall be formed in each Emirate to combat commercial fraud and shall:

a- Consider the request of reconciliation in the violations of the establishments offered to it, except the violations set forth in Article (14) of this Law.

b- Warn the violating establishments, and the Implementing Regulation of this Law shall determine the types of warnings.

c- Close the violating establishments for a period not exceeding two weeks in coordination with the competent authority.

d- Follow the processes of destruction, recycling or return to the source, according to the case, of the fake, corrupt or counterfeit commodities.

e- Provide the Ministry with periodic reports on its works as determined by the Implementing Regulation of this Law.

Article 7

The concerned persons may appeal the decisions of closure issued by the sub-committees before the Supreme Committee, within a period not exceeding five working days from the date of their notification thereof. The Supreme Committee shall issue its decision on the appeal within three working days from the date of filing the same.

Article 8

1- The sub-committees may carry out reconciliation in the violations upon the request of the violator and shall determine the fine that shall be paid by the violator provided that it is not less than twice the minimum fine set forth in this Law.

2- If the violator rejects the reconciliation, the papers shall be transferred to the Public Prosecution. If the rejection is made by the sub-committee, the violator may appeal such rejection before the Supreme Committee.

3- The Implementing Regulation of this Law shall determine the necessary procedures for the reconciliation.

Article 9

With the exception of the perishable commodities by lapse of time, the competent authority may detain the seized commodities at the violating establishment, at its own expense, for a period not exceeding thirty days from the date of detecting the violation and these commodities shall not be disposed of until issuance of a decision in their regard by the sub-committee.

Article 10

The violating establishment may request the competent Court to release the seized commodities and they shall not be released except by a ruling from this Court.

Article 11

The reconciliation revenues set forth in Article (8) of this Law shall be transferred to the account of the competent authority that carried out the seizure.

Article 12

Whoever commits the crime of commercial fraud shall be sentenced to imprisonment for a period not exceeding two years, and to a fine not less than fifty thousand Dirhams and not exceeding two hundred and fifty thousand Dirhams, or to either penalty.

Article 13

Whoever attempts to commit the crime of commercial fraud shall be sentenced to imprisonment for a period not exceeding one year, and to a fine not less than ten thousand Dirhams and not exceeding one hundred thousand Dirhams, or to either penalty.

Article 14

Whoever commits the crime of commercial fraud or attempts the same if the commodities are food for humans or animals, prescription drugs, agricultural crops or organic food products, shall be sentenced to imprisonment for a period not exceeding two years, and to a fine not less than two hundred and fifty thousand Dirhams and not exceeding one million Dirhams, or to either penalty.

Article 15

1- Without prejudice to Article (3) of this Law, shall be sentenced to imprisonment for a period not exceeding six months and a fine equivalent to double the value of the commodities disposed of, whoever disposes of the seized commodities in any way whatsoever without a permit or licence from the sub-committee.

2- If the commodities disposed of are food for humans or animals, prescription drugs, agricultural crops or organic food products, the penalty shall be imprisonment for a period not exceeding two years and a fine not less than two hundred and fifty thousand Dirhams and not exceeding one million Dirhams or either penalties.

Article 16

The knowledge of the purchaser that the commodity is fake, corrupt or counterfeit shall not exempt the merchant from the penalty prescribed in this Law.

Article 17

The Court shall, in the event of conviction of one of the crimes set forth in Article (14), and Clause (2) of Article (15) of this Law, rule, in addition to the prescribed penalty, the confiscation or destruction of the food, prescription drugs, crops, products or tools used therein and shall order the publication of

the ruling at the expense of the losing party in two local daily newspapers, one of them issued in Arabic.

Article 18

1- The Court may, upon conviction of any of the crimes set forth in Article (14) and Clause (2) of Article (15) of this Law, rule, in addition to the prescribed penalty, the closure of the violating establishment for a period not exceeding six months.

2- Without prejudice to the provisions of Clause (1) hereof, if the violating establishment is a department store, the violating department or the part related to the type of the violating commodity shall be closed and a label shall be placed on the closed section or department stating the reason of closure.

Article 19

Without prejudice to any more severe penalty provided by another Law, whoever violates any other provision of this Law, its Implementing Regulation and the decisions issued pursuant thereto shall be punishable by a fine not exceeding fifty thousand Dirhams.

Article 20

1- In addition to the imposition of the prescribed penalty, the Court shall, in case of recidivism in violation to the provisions of Article (14) and Clause (2) of Article (15) of this Law, cancel the licence.

2- Taking into account the provisions of the previous Clause, the Court may, in case of recidivism in violation to the provisions of this Law, double the prescribed penalty or add the closure of the store or cancellation of the licence to the prescribed penalty.

Article 21

The employees specified by a decision from the Minister of Justice, under agreement with the Minister or the competent authority, shall have the capacity of judicial officers as per proving the violations to the provisions of this Law, its Implementing Regulation and the decisions issued pursuant thereto.

Article 22

The competent authority shall, each in its field of competence, apply the provisions of fraud in the service, according to the rules determined by the Council of Ministers.

Article 23

The Council of Ministers shall issue the Implementing Regulation and the necessary decisions for the implementation of the provisions of this Law, within one hundred and eighty days from the date of enforcement thereof.

Article 24

Any provision that is contrary or inconsistent with the provisions of this Law shall be cancelled, in addition to the Federal Law no. (4) of 1979 on the

suppression of fraud and deception in commercial transactions. The regulations and decisions issued pursuant thereto shall continue to be valid without prejudice to the provisions of this Law, until issuance of the regulations and decisions replacing the same.

Article 25

This Law shall be published in the Official Gazette and shall enter into effect on the day following the date of publication thereof.

Issued by Us at the Presidential
:Palace in Abu Dhabi

On: 12th of December 2016

Corresponding to: 13 Rabi' Al-Awwal 1438 H

Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates State

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