

## Chapter 393

(House Bill 786)

AN ACT concerning

### **Financial Institutions – Credit Unions and Depository Institutions – Authority to Conduct Savings Promotion Raffles**

FOR the purpose of repealing a certain contingency on certain provisions of law that authorize certain depository institutions and credit unions to conduct certain savings promotion raffles; altering the circumstances under which certain depository institutions may conduct certain savings promotion raffles; requiring a depository institution or credit union offering a savings promotion raffle to post and disclose in certain materials a certain statement; clarifying language; altering certain definitions; and generally relating to the conduct of savings promotion raffles by financial institutions.

BY repealing

Chapter 627 of the Acts of the General Assembly of 2010  
Section 2

BY repealing and reenacting, with amendments,

Chapter 627 of the Acts of the General Assembly of 2010  
Section 3

BY repealing

Chapter 628 of the Acts of the General Assembly of 2010  
Section 2

BY repealing and reenacting, with amendments,

Chapter 628 of the Acts of the General Assembly of 2010  
Section 3

BY repealing and reenacting, without amendments,

Article – Commercial Law  
Section 13–305(a)  
Annotated Code of Maryland  
(2005 Replacement Volume and 2011 Supplement)  
(As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
2010)

BY repealing and reenacting, ~~with~~ without amendments,

Article – Criminal Law  
Section 12–106(c)

Annotated Code of Maryland  
 (2002 Volume and 2011 Supplement)  
 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
 2010)

BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 1–211

Annotated Code of Maryland

(2011 Replacement Volume and 2011 Supplement)

(As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
 2010)

BY repealing and reenacting, ~~without~~ with amendments,

Article – Financial Institutions

Section 6–716

Annotated Code of Maryland

(2011 Replacement Volume and 2011 Supplement)

(As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
 2010)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### **Chapter 627 of the Acts of 2010**

[SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010, contingent on depository institutions that are subject to regulation by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board being allowed to provide prize-linked savings products such as a savings promotion raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor federal regulatory and legislative action relating to the authorization of depository institutions to provide prize-linked savings products such as savings promotion raffles, and shall notify the Department of Legislative Services within 30 days after learning that federal action has been taken to allow depository institutions to provide prize-linked products such as a savings promotion raffle authorized by this Act. If notice from the Commissioner is not received by the Department on or before October 1, 2014, this Act shall be null and void without the necessity of further action by the General Assembly.]

SECTION 3. AND BE IT FURTHER ENACTED, That[, subject to Section 2 of this Act,] this Act shall take effect October 1, 2010.

### **Chapter 628 of the Acts of 2010**

[SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010, contingent on depository institutions that are subject to regulation by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board being allowed to provide prize-linked savings products such as a savings promotion raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor federal regulatory and legislative action relating to the authorization of depository institutions to provide prize-linked savings products such as savings promotion raffles, and shall notify the Department of Legislative Services within 30 days after learning that federal action has been taken to allow depository institutions to provide prize-linked products such as a savings promotion raffle authorized by this Act. If notice from the Commissioner is not received by the Department on or before October 1, 2014, this Act shall be null and void without the necessity of further action by the General Assembly.]

SECTION 3. AND BE IT FURTHER ENACTED, That[, subject to Section 2 of this Act,] this Act shall take effect October 1, 2010.

### **Article – Commercial Law**

13–305.

(a) This section does not apply to:

(1) Trading stamps, as defined by § 13–101 of the Business Regulation Article;

(2) State lottery tickets issued under the authority of Title 9, Subtitle 1 of the State Government Article;

(3) Retail promotions, not involving the offer of gifts and prizes, which offer savings on consumer goods or services including “one-cent sales”, “two-for-the-price-of-one-sales”, or manufacturer’s “cents-off” coupons;

(4) Games of skill competition not involving sales promotion efforts; or

(5) A savings promotion raffle conducted by a credit union under § 6–716 of the Financial Institutions Article or by a depository institution under § 1–211 of the Financial Institutions Article.

### **Article – Criminal Law**

12–106.

(c) (1) Notwithstanding any other provision of this article, a credit union organized under Title 6 of the Financial Institutions Article may conduct a savings promotion raffle under § 6–716 of the Financial Institutions Article.

(2) Notwithstanding any other provision of this article, a depository institution, as defined in § 1–211 of the Financial Institutions Article, may conduct a savings promotion raffle ~~AS AUTHORIZED~~ under § 1–211 of the Financial Institutions Article.

### Article – Financial Institutions

1–211.

(a) (1) In this section the following words have the meanings indicated.

(2) “Depository institution” means any State–chartered or federally chartered financial institution, other–state bank, or foreign bank that:

(i) Is located in this State or maintains a branch in this State;  
and

(ii) Is authorized to maintain qualifying deposit accounts.

(3) “Eligible customer” means an individual ~~customer of a depository institution~~ who:

(i) ~~Maintains a qualifying deposit account at a depository institution participating in a savings promotion raffle;~~

~~(ii)~~ Is an adult; and

~~(iii)~~ **(II)** Is a resident of this State.

(4) “Qualifying deposit account” means a savings account, savings program, or other time deposit offered to an eligible customer ~~for a savings promotion raffle.~~

(5) “Savings promotion raffle” means a ~~prize-linked savings product offered by a participating depository institution to an eligible customer~~ **CONTEST:**

**(I) ASSOCIATED WITH ONE OR MORE QUALIFIED DEPOSIT ACCOUNTS;**

**(II) CONDUCTED BY A DEPOSITORY INSTITUTION, ALONE OR TOGETHER WITH OTHER BUSINESSES; AND**

**(III) IN WHICH ELIGIBLE CUSTOMERS ARE OFFERED ONE OR MORE CHANCES TO WIN SPECIFIED PRIZES.**

(b) (1) ~~[A] TO THE EXTENT AUTHORIZED BY FEDERAL LAW, A~~ depository institution may conduct a savings promotion raffle ~~for the exclusive benefit of eligible customers~~ if:

(i) ~~The sole consideration required~~ **A REQUIREMENT** for a chance to win a specified prize ~~is~~ **IS:**

**1. the deposit of a minimum specified amount of money in a qualifying deposit account ACCORDING TO THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE; OR**

**2. THE SUBMISSION OF ANY ENTRY ACCORDING TO THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE WITH NO DEPOSIT OR PURCHASE NECESSARY;**

(ii) Each ~~ticket or~~ entry in the savings promotion raffle has an equal chance of being drawn;

(iii) The depository institution maintains books and records relating to the savings promotion raffle; and

(iv) The savings promotion raffle will not:

1. Harm the depository institution's ability to operate in a safe and sound manner; or

2. Mislead the depository institution's customers.

**(2) A DEPOSITORY INSTITUTION OFFERING A SAVINGS PROMOTION RAFFLE UNDER THIS SECTION SHALL POST IN ANY LOCATION WHERE ENTRIES MAY BE SUBMITTED AND DISCLOSE IN ANY MATERIALS PROMOTING THE RAFFLE A STATEMENT DESCRIBING THE TERMS AND CONDITIONS OF THE RAFFLING INCLUDING THAT:**

**(I) NO PURCHASE IS NECESSARY;**

**(II) MAKING DEPOSITS OR PURCHASING GOODS OR SERVICES WILL NOT IMPROVE THE ODDS OF WINNING; AND**

**(III) THE ODDS OF WINNING WILL BE DETERMINED BASED ON THE NUMBER OF ENTRIES RECEIVED.**

~~(2)~~ **(3)** In addition to the requirements under paragraph (1) of this subsection, a savings promotion raffle conducted by a banking institution must be approved by the Commissioner.

(c) Except as preempted by federal law, the Commissioner may:

(1) Examine the conduct of a savings promotion raffle; and

(2) Issue a cease and desist order under § 5–808 of this article for a violation of this section.

6–716.

(a) (1) In this section the following words have the meanings indicated.

(2) “Eligible credit union member” means an individual member of a credit union who:

(i) Maintains a qualifying share certificate account at a credit union participating in a savings promotion raffle;

(ii) Is a member in good standing;

(iii) Is an adult; and

(iv) Is a resident of this State.

(3) “Qualifying share certificate account” means a savings account, savings program, or other time deposit offered to an eligible credit union member ~~for a savings promotion raffle.~~

(4) “Savings promotion raffle” means a ~~prize-linked savings product offered by a participating credit union to an eligible credit union member~~ **CONTEST:**

**(I) ASSOCIATED WITH ONE OR MORE QUALIFIED SHARE CERTIFICATE ACCOUNTS;**

**(II) CONDUCTED BY A CREDIT UNION, ALONE OR TOGETHER WITH OTHER BUSINESSES; AND**

**(III) IN WHICH ELIGIBLE CREDIT UNION MEMBERS ARE OFFERED ONE OR MORE CHANCES TO WIN SPECIFIED PRIZES.**

(b) Subject to the approval of the Commissioner, a credit union may conduct a savings promotion raffle for the exclusive benefit of eligible credit union members if:

(1) ~~The sole consideration required~~ **A REQUIREMENT** for a chance to win a specified prize ~~is~~ **IS:**

**1. ~~the~~ THE deposit of a minimum specified amount of money in a qualifying share certificate account ACCORDING TO THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE; OR**

**2. THE SUBMISSION OF AN ENTRY ACCORDING TO THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE WITH NO DEPOSIT OR PURCHASE NECESSARY;**

(2) Each ~~ticket or~~ entry in the savings promotion raffle has an equal chance of being drawn;

(3) The credit union maintains books and records relating to the savings promotion raffle; and

(4) The savings promotion raffle will not:

(i) Harm the credit union's ability to operate in a safe and sound manner; or

(ii) Mislead the credit union's members.

**(C) A CREDIT UNION OFFERING A SAVINGS PROMOTION RAFFLE UNDER THIS SECTION SHALL POST IN ANY LOCATION WHERE ENTRIES MAY BE SUBMITTED AND DISCLOSE IN ANY MATERIALS PROMOTING THE RAFFLE A STATEMENT DESCRIBING THE TERMS AND CONDITIONS OF THE RAFFLE INCLUDING THAT:**

**(1) NO PURCHASE IS NECESSARY;**

**(2) MAKING DEPOSITS OR PURCHASING GOODS OR SERVICES WILL NOT IMPROVE THE ODDS OF WINNING; AND**

**(3) THE ODDS OF WINNING WILL BE DETERMINED BASED ON THE NUMBER OF ENTRIES RECEIVED.**

~~(D)~~ **(D)** The Commissioner may:

- (1) Examine the conduct of a savings promotion raffle; and
- (2) Issue a cease and desist order under § 6–906 of this title for a violation of this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2012.

**Approved by the Governor, May 2, 2012.**