

HOUSE BILL 786

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By: **Delegates Olszewski, Frick, Arora, and Clagett**

Introduced and read first time: February 9, 2012

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of repealing a certain contingency on certain provisions of law that
5 authorize certain depository institutions and credit unions to conduct certain
6 savings promotion raffles; altering the circumstances under which certain
7 depository institutions may conduct certain savings promotion raffles; clarifying
8 language; and generally relating to the conduct of savings promotion raffles by
9 financial institutions.

10 BY repealing

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

13 BY repealing and reenacting, with amendments,

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

16 BY repealing

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

19 BY repealing and reenacting, with amendments,

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

22 BY repealing and reenacting, without amendments,

23 Article – Commercial Law
24 Section 13–305(a)
25 Annotated Code of Maryland
26 (2005 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of
2 2010)

3 BY repealing and reenacting, with amendments,
4 Article – Criminal Law
5 Section 12–106(c)
6 Annotated Code of Maryland
7 (2002 Volume and 2011 Supplement)
8 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of
9 2010)

10 BY repealing and reenacting, with amendments,
11 Article – Financial Institutions
12 Section 1–211
13 Annotated Code of Maryland
14 (2011 Replacement Volume and 2011 Supplement)
15 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of
16 2010)

17 BY repealing and reenacting, without amendments,
18 Article – Financial Institutions
19 Section 6–716
20 Annotated Code of Maryland
21 (2011 Replacement Volume and 2011 Supplement)
22 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of
23 2010)

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

26 **Chapter 627 of the Acts of 2010**

27 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect October 1, 2010, contingent on depository institutions that are subject to
29 regulation by the Office of the Comptroller of the Currency, the Office of Thrift
30 Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board
31 being allowed to provide prize–linked savings products such as a savings promotion
32 raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor
33 federal regulatory and legislative action relating to the authorization of depository
34 institutions to provide prize–linked savings products such as savings promotion
35 raffles, and shall notify the Department of Legislative Services within 30 days after
36 learning that federal action has been taken to allow depository institutions to provide
37 prize–linked products such as a savings promotion raffle authorized by this Act. If
38 notice from the Commissioner is not received by the Department on or before October
39 1, 2014, this Act shall be null and void without the necessity of further action by the
40 General Assembly.]

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

3 **Chapter 628 of the Acts of 2010**

4 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
5 effect October 1, 2010, contingent on depository institutions that are subject to
6 regulation by the Office of the Comptroller of the Currency, the Office of Thrift
7 Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board
8 being allowed to provide prize-linked savings products such as a savings promotion
9 raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor
10 federal regulatory and legislative action relating to the authorization of depository
11 institutions to provide prize-linked savings products such as savings promotion
12 raffles, and shall notify the Department of Legislative Services within 30 days after
13 learning that federal action has been taken to allow depository institutions to provide
14 prize-linked products such as a savings promotion raffle authorized by this Act. If
15 notice from the Commissioner is not received by the Department on or before October
16 1, 2014, this Act shall be null and void without the necessity of further action by the
17 General Assembly.]

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

20 **Article – Commercial Law**

21 13–305.

22 (a) This section does not apply to:

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

25 (2) State lottery tickets issued under the authority of Title 9, Subtitle
26 1 of the State Government Article;

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

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

31 (5) A savings promotion raffle conducted by a credit union under
32 § 6–716 of the Financial Institutions Article or by a depository institution under
33 § 1–211 of the Financial Institutions Article.

34 **Article – Criminal Law**

1 12-106.

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

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

9 Article – Financial Institutions

10 1-211.

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

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

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

16 (ii) Is authorized to maintain qualifying deposit accounts.

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

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

21 (ii) Is an adult; and

22 (iii) Is a resident of this State.

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

26 (5) “Savings promotion raffle” means a prize-linked savings product
27 offered by a participating depository institution to an eligible customer.

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

1 (i) The sole consideration required for a chance to win a
2 specified prize is the deposit of a minimum specified amount of money in a qualifying
3 deposit account;

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

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

8 (iv) The savings promotion raffle will not:

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

11 2. Mislead the depository institution's customers.

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

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

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

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

19 6–716.

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

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

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

25 (ii) Is a member in good standing;

26 (iii) Is an adult; and

27 (iv) Is a resident of this State.

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

1 (4) “Savings promotion raffle” means a prize-linked savings product
2 offered by a participating credit union to an eligible credit union member.

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

5 (1) The sole consideration required for a chance to win a specified
6 prize is the deposit of a minimum specified amount of money in a qualifying share
7 certificate account;

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

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

12 (4) The savings promotion raffle will not:

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

15 (ii) Mislead the credit union’s members.

16 (c) The Commissioner may:

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

18 (2) Issue a cease and desist order under § 6-906 of this title for a
19 violation of this section.

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