

HOUSE BILL 786

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CF SB 1053

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

Introduced and read first time: February 9, 2012

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2012

CHAPTER _____

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; requiring
8 a depository institution or credit union offering a savings promotion raffle to
9 post and disclose in certain materials a certain statement; clarifying language;
10 altering certain definitions; and generally relating to the conduct of savings
11 promotion raffles by financial institutions.

12 BY repealing

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

15 BY repealing and reenacting, with amendments,

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

18 BY repealing

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

21 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 BY repealing and reenacting, without amendments,
4 Article – Commercial Law
5 Section 13–305(a)
6 Annotated Code of Maryland
7 (2005 Replacement 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~~ without amendments,
11 Article – Criminal Law
12 Section 12–106(c)
13 Annotated Code of Maryland
14 (2002 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, with amendments,
18 Article – Financial Institutions
19 Section 1–211
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 BY repealing and reenacting, ~~without~~ with amendments,
25 Article – Financial Institutions
26 Section 6–716
27 Annotated Code of Maryland
28 (2011 Replacement Volume and 2011 Supplement)
29 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of
30 2010)

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

33 **Chapter 627 of the Acts of 2010**

34 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2010, contingent on depository institutions that are subject to regulation by
36 the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the
37 Federal Deposit Insurance Corporation, or the Federal Reserve Board being allowed to
38 provide prize-linked savings products such as a savings promotion raffle authorized
39 by this Act. The Commissioner of Financial Regulation shall monitor federal
40 regulatory and legislative action relating to the authorization of depository

1 institutions to provide prize-linked savings products such as savings promotion
2 raffles, and shall notify the Department of Legislative Services within 30 days after
3 learning that federal action has been taken to allow depository institutions to provide
4 prize-linked products such as a savings promotion raffle authorized by this Act. If
5 notice from the Commissioner is not received by the Department on or before October
6 1, 2014, this Act shall be null and void without the necessity of further action by the
7 General Assembly.]

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

10 Chapter 628 of the Acts of 2010

11 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect October 1, 2010, contingent on depository institutions that are subject to
13 regulation by the Office of the Comptroller of the Currency, the Office of Thrift
14 Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board
15 being allowed to provide prize-linked savings products such as a savings promotion
16 raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor
17 federal regulatory and legislative action relating to the authorization of depository
18 institutions to provide prize-linked savings products such as savings promotion
19 raffles, and shall notify the Department of Legislative Services within 30 days after
20 learning that federal action has been taken to allow depository institutions to provide
21 prize-linked products such as a savings promotion raffle authorized by this Act. If
22 notice from the Commissioner is not received by the Department on or before October
23 1, 2014, this Act shall be null and void without the necessity of further action by the
24 General Assembly.]

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

27 Article – Commercial Law

28 13–305.

29 (a) This section does not apply to:

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

32 (2) State lottery tickets issued under the authority of Title 9, Subtitle
33 1 of the State Government Article;

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

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

2 (5) A savings promotion raffle conducted by a credit union under
3 § 6–716 of the Financial Institutions Article or by a depository institution under
4 § 1–211 of the Financial Institutions Article.

5 Article – Criminal Law

6 12–106.

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

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

14 Article – Financial Institutions

15 1–211.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (iv) The savings promotion raffle will not:

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

27 2. Mislead the depository institution’s customers.

28 **(2) A DEPOSITORY INSTITUTION OFFERING A SAVINGS**
 29 **PROMOTION RAFFLE UNDER THIS SECTION SHALL POST IN ANY LOCATION**
 30 **WHERE ENTRIES MAY BE SUBMITTED AND DISCLOSE IN ANY MATERIALS**

1 PROMOTING THE RAFFLE A STATEMENT DESCRIBING THE TERMS AND
 2 CONDITIONS OF THE RAFFLING INCLUDING THAT:

3 (I) NO PURCHASE IS NECESSARY;

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

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

8 ~~(2)~~ (3) In addition to the requirements under paragraph (1) of this
 9 subsection, a savings promotion raffle conducted by a banking institution must be
 10 approved by the Commissioner.

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

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

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

15 6–716.

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

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

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

21 (ii) Is a member in good standing;

22 (iii) Is an adult; and

23 (iv) Is a resident of this State.

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

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

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

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

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

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

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

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

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

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

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

21 (4) The savings promotion raffle will not:

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

24 (ii) Mislead the credit union's members.

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

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

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.