## **HOUSE BILL 558**

 $\begin{array}{c} 5 lr 2526 \\ CF SB 515 \end{array}$ 

By: Delegate Clippinger

Introduced and read first time: February 11, 2015

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 10, 2015

CHAPTER

1 AN ACT concerning

## 2 Financial Institutions - Depository Institutions - Savings Promotion Raffles

- 3 FOR the purpose of altering the circumstances under which certain depository institutions 4 may conduct a savings promotion raffle; repealing a requirement that a depository 5 institution that offers a savings promotion raffle must post in certain locations and 6 disclose in certain materials a certain statement describing the terms and conditions 7 of the savings promotion raffle; repealing a requirement that a savings promotion raffle conducted by a banking institution must be approved by the Commissioner of 8 9 Financial Regulation; repealing certain provisions of law relating to savings 10 promotion raffles conducted by State-chartered credit unions made unnecessary by 11 certain provisions of this Act; altering certain definitions; making certain conforming 12 changes; and generally relating to savings promotion raffles conducted by depository 13 institutions.
- 14 BY repealing and reenacting, with amendments,
- 15 Article Commercial Law
- 16 Section 13–305(a)
- 17 Annotated Code of Maryland
- 18 (2013 Replacement Volume and 2014 Supplement)
- 19 BY repealing and reenacting, with amendments,
- 20 Article Criminal Law
- 21 Section 12–106(c)
- 22 Annotated Code of Maryland
- 23 (2012 Replacement Volume and 2014 Supplement)

## EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

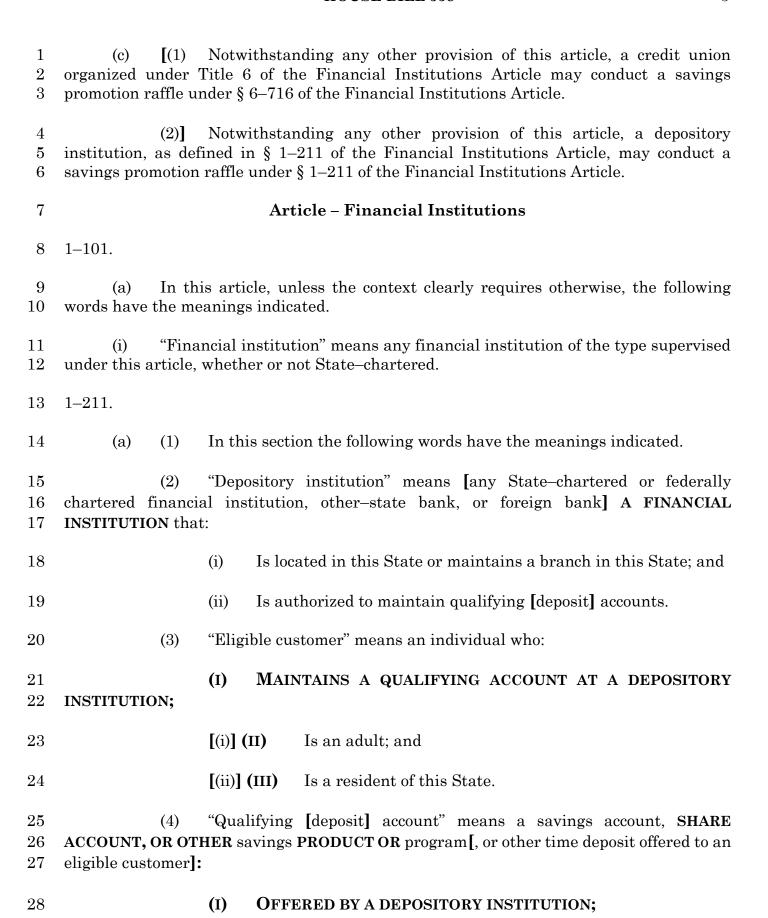
<u>Underlining</u> indicates amendments to bill.

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

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12-106.

1 2 3 4 5	BY repealing and reenacting, without amendments, Article – Financial Institutions Section 1–101(a) and (i) Annotated Code of Maryland (2011 Replacement Volume and 2014 Supplement)							
6 7 8 9 10	BY repealing and reenacting, with amendments, Article – Financial Institutions Section 1–211 Annotated Code of Maryland (2011 Replacement Volume and 2014 Supplement)							
11 12 13 14 15	BY repealing Article – Financial Institutions Section 6–716 Annotated Code of Maryland (2011 Replacement Volume and 2014 Supplement)							
16 17	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:							
18	Article - Commercial Law							
19	13–305.							
20	(a) This section does not apply to:							
21 22	(1) Trading stamps, as defined by § 13–101 of the Business Regulation Article;							
23 24	(2) State lottery tickets issued under the authority of Title 9, Subtitle 1 of the State Government Article;							
25 26 27	(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;							
28	(4) Games of skill competition not involving sales promotion efforts; or							
29 30 31	(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.							
32	Article - Criminal Law							

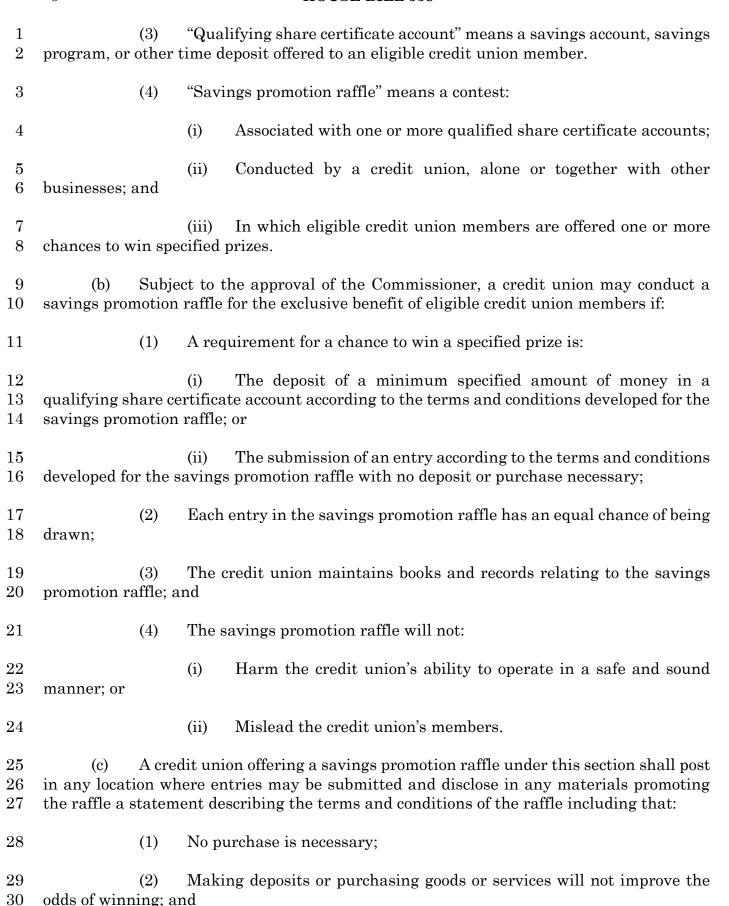


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1 2 3 4	(II) INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE NATIONAL CREDIT UNION ADMINISTRATION, OR A CREDIT UNION SHARE GUARANTY CORPORATION THAT IS APPROVED BY THE COMMISSIONER; AND
5 6	(III) THROUGH WHICH ELIGIBLE CUSTOMERS MAY OBTAIN CHANCES TO WIN PRIZES IN A SAVINGS PROMOTION RAFFLE.
7	(5) "Savings promotion raffle" means a contest IN WHICH:
8	[(i) Associated with one or more qualified deposit accounts;
9 10	(ii) Conducted by a depository institution, alone or together with other businesses; and
11 12	(iii) In which eligible customers are offered one or more chances to win specified prizes.]
13 14 15	(I) THE SOLE CONSIDERATION REQUIRED FOR A CHANCE OF WINNING DESIGNATED PRIZES IS OBTAINED BY THE DEPOSIT OF A SPECIFIED AMOUNT OF MONEY IN A QUALIFYING ACCOUNT; AND
16 17	(II) EACH TICKET OR ENTRY HAS AN EQUAL CHANCE OF BEING DRAWN.
	•
17 18	DRAWN.  (b) [(1)] A depository institution may conduct a savings promotion raffle FOR
17 18 19	(b) [(1)] A depository institution may conduct a savings promotion raffle FOR THE EXCLUSIVE BENEFIT OF ELIGIBLE CUSTOMERS if:
17 18 19 20 21 22	(b) [(1)] A depository institution may conduct a savings promotion raffle FOR THE EXCLUSIVE BENEFIT OF ELIGIBLE CUSTOMERS if:  [(i) A requirement for a chance to win a specified prize 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
17 18 19 20 21 22 23 24 25	(b) [(1)] A depository institution may conduct a savings promotion raffle FOR THE EXCLUSIVE BENEFIT OF ELIGIBLE CUSTOMERS if:  [(i) A requirement for a chance to win a specified prize 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

[(iv)] (2) The savings promotion raffle will not:

$\frac{1}{2}$	in a safe and so	und man	[1.] (I) ner; or	Harm the depository institution's ability to operate			
3			[2.] (II)	Mislead the depository institution's customers.			
4 5 6 7	[(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:						
8		(i)	No purcha	se is necessary;			
9 10							
11 12	entries received	(iii)	The odds o	f winning will be determined based on the number of			
13 14 15	a savings promotion raffle conducted by a banking institution must be approved by the						
16	(c) Ex	cept as p	reempted by	federal law, the Commissioner may:			
17	(1)	Exan	nine the con	duct of a savings promotion raffle; and			
18 19	(2) Issue a cease and desist order under § 5–808 of this article for a violation of this section.						
20	[6-716.						
21	(a) (1)	In th	is section th	e following words have the meanings indicated.			
22 23	(2) union who:	"Elig	ible credit u	nion member" means an individual member of a credit			
$24 \\ 25$	participating in	(i) a saving		a qualifying share certificate account at a credit union raffle;			
26		(ii)	Is a memb	er in good standing;			
27		(iii)	Is an adult	; and			
28		(iv)	Is a reside:	nt of this State.			



received.	(3)	The odds of winning will be determined based on the number of entries					
(d)	The	The Commissioner may:					
	(1)	Examine the conduct of a savings promotion raffle; and					
of this secti	(2)	Issue a cease and desist order under § 6–906 of this title for a violation					
SEC' 1, 2015.	TION 2	2. AND BE IT FURTHER ENACTED, That this Act shall take effect June					
Approved:							
		Governor.					
		Speaker of the House of Delegates.					
		President of the Senate.					