

Chapter 95

(House Bill 558)

AN ACT concerning

Financial Institutions – Depository Institutions – Savings Promotion Raffles

FOR the purpose of altering the circumstances under which certain depository institutions may conduct a savings promotion raffle; repealing a requirement that a depository institution that offers a savings promotion raffle must post in certain locations and disclose in certain materials a certain statement describing the terms and conditions 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 Financial Regulation; repealing certain provisions of law relating to savings promotion raffles conducted by State-chartered credit unions made unnecessary by certain provisions of this Act; altering certain definitions; making certain conforming changes; and generally relating to savings promotion raffles conducted by depository institutions.

BY repealing and reenacting, with amendments,
Article – Commercial Law
Section 13–305(a)
Annotated Code of Maryland
(2013 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Article – Criminal Law
Section 12–106(c)
Annotated Code of Maryland
(2012 Replacement Volume and 2014 Supplement)

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)

BY repealing and reenacting, with amendments,
Article – Financial Institutions
Section 1–211
Annotated Code of Maryland
(2011 Replacement Volume and 2014 Supplement)

BY repealing
Article – Financial Institutions
Section 6–716

Annotated Code of Maryland
(2011 Replacement Volume and 2014 Supplement)

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

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 under § 1–211 of the Financial Institutions Article.

Article – Financial Institutions

1–101.

(a) In this article, unless the context clearly requires otherwise, the following words have the meanings indicated.

(i) “Financial institution” means any financial institution of the type supervised under this article, whether or not State–chartered.

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] **A FINANCIAL INSTITUTION** 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 who:

(I) MAINTAINS A QUALIFYING ACCOUNT AT A DEPOSITORY INSTITUTION;

[(i)] (II) Is an adult; and

[(ii)] (III) Is a resident of this State.

(4) “Qualifying [deposit] account” means a savings account, **SHARE ACCOUNT, OR OTHER** savings **PRODUCT OR** program[, or other time deposit offered to an eligible customer]:

(I) OFFERED BY A DEPOSITORY INSTITUTION;

(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

(III) THROUGH WHICH ELIGIBLE CUSTOMERS MAY OBTAIN CHANCES TO WIN PRIZES IN A SAVINGS PROMOTION RAFFLE.

(5) “Savings promotion raffle” means a contest **IN WHICH:**

[(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.]

(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

(II) EACH TICKET OR ENTRY HAS AN EQUAL CHANCE OF BEING DRAWN.

(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 necessary;

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

[(iii)] (1) The depository institution maintains books and records relating to the savings promotion raffle; and

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

[1.] (I) Harm the depository institution's ability to operate in a safe and sound manner; or

[2.] (II) 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.

(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.

(4) “Savings promotion raffle” means a 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) A requirement for a chance to win a specified prize is:

(i) 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

(ii) 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 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) 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, 2015.

Approved by the Governor, April 14, 2015.