

**BRIAN E. FROSH**  
*Attorney General*

**ELIZABETH F. HARRIS**  
*Chief Deputy Attorney General*

**CAROLYN QUATROCKI**  
*Deputy Attorney General*



**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

Writer's Direct Dial No.

410-576-7942  
Fax: 410-576-7040

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To: The Honorable Dereck E. Davis  
Chair, Economic Matters Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: House Bill 1156 – Consumer Protection – Automatic Recurring Payments (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1156 submitted by Delegate Frank M. Conaway, Jr.

This bill ensures a simple means for consumers to cancel a contract for consumer goods or services that has automatic recurring payments. Specifically, if the contract is entered into over the internet, by mail, or over the telephone, the merchant must provide a toll free number to call and a physical address as well as a website link and an electronic or physical form before the first payment is withdrawn from the consumer's account to allow the consumer to cancel the contract. It further requires that the recurring automatic payment terms are presented to the consumer in a clear and conspicuous manner.

The Consumer Protection Division regularly receives complaints from consumers who are being billed on a regular basis for a product that the consumers did not understand they were signing up to purchase or did not realize would result in continuing payments. Our office then works with the business to try to cancel the contract and recover any payments previously made. Many times, it is difficult to determine how to reach the merchant to begin the process of cancelling the contract. By requiring a simple cancellation process, as well as requiring that the process be made clear and conspicuous, consumers are less likely to inadvertently enter into these types of agreements and will likely suffer less harm should they do so.

For these reasons, we ask that the Economic Matters Committee return a favorable report on this bill.

cc: The Honorable Frank M. Conaway, Jr.  
Members, Economic Matters Committee

