
By: **Delegate Bobo**
Introduced and read first time: February 8, 2002
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Closed End Credit Regulation - Credit Services Businesses**

3 FOR the purpose of prohibiting a credit services business, its employees, and certain
4 independent contractors from assisting a consumer to obtain an extension of
5 closed end credit secured by personal property at a rate of interest which, except
6 for federal preemption of State law, would be prohibited under certain provisions
7 of law governing interest and usury, consumer loans, and closed end credit; and
8 generally relating to regulation of closed end credit.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 14-1902
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2001 Supplement)

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

16 **Article - Commercial Law**

17 14-1902.

18 (a) A credit services business, its employees, and independent contractors who
19 sell or attempt to sell the services of a credit services business shall not:

20 (1) Receive any money or other valuable consideration from the
21 consumer, unless the credit services business has secured from the Commissioner a
22 license under Title 11, Subtitle 3 of the Financial Institutions Article;

23 (2) Receive any money or other valuable consideration solely for referral
24 of the consumer to a retail seller or to any other credit grantor who will or may extend
25 credit to the consumer, if the credit extended to the consumer is substantially the
26 same terms as those available to the general public;

27 (3) Make, or assist or advise any consumer to make, any statement or
28 other representation that is false or misleading, or which by the exercise of reasonable

1 care should be known to be false or misleading, to a consumer reporting agency,
2 government agency, or person to whom the consumer applies or intends to apply for
3 an extension of credit, regarding a consumer's creditworthiness, credit standing,
4 credit capacity, or true identity;

5 (4) Make or use any false or misleading representations in the offer or
6 sale of the services of a credit services business;

7 (5) Engage, directly or indirectly, in any act, practice, or course of
8 business which operates as a fraud or deception on any person in connection with the
9 offer or sale of the services of a credit services business;

10 (6) Charge or receive any money or other valuable consideration prior to
11 full and complete performance of the services that the credit services business has
12 agreed to perform for or on behalf of the consumer;

13 (7) Create, assist a consumer to create, or provide a consumer with
14 information on how to create, a new consumer report, credit file, or credit record by
15 obtaining and using a different name, address, telephone number, Social Security
16 number, or employer tax identification number; or

17 (8) Subject to the provisions of subsection (b) of this section, assist a
18 consumer to obtain an extension of unsecured closed end credit OR CLOSED END
19 CREDIT SECURED BY PERSONAL PROPERTY at a rate of interest which, except for
20 federal preemption of State law, would be prohibited under Title 12, Subtitle 1, 3, or
21 10 of this article.

22 (b) (1) (i) In this subsection, "payment instrument" means a check or a
23 draft ordering a person to pay money.

24 (ii) "Payment instrument" includes a money order.

25 (2) Under subsection (a)(8) of this section, an extension of unsecured
26 closed end credit includes an extension of credit for which a payment instrument is
27 held to ensure payment.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2002.