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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 14, 2002

CHAPTER _____

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 credit~~ at a rate of interest which,
6 except for federal preemption of State law, would be prohibited under certain
7 provisions of law governing ~~interest and usury, consumer loans, and closed-end~~
8 credit regulation; repealing a certain definition and making certain other
9 conforming changes; and generally relating to regulation of ~~closed-end~~ credit.

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

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

17 **Article - Commercial Law**

18 14-1902.

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

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

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

8 (3) Make, or assist or advise any consumer to make, any statement or
9 other representation that is false or misleading, or which by the exercise of reasonable
10 care should be known to be false or misleading, to a consumer reporting agency,
11 government agency, or person to whom the consumer applies or intends to apply for
12 an extension of credit, regarding a consumer's creditworthiness, credit standing,
13 credit capacity, or true identity;

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

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

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

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

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

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

33 (ii) ~~"Payment instrument" includes a money order.~~

34 (2) ~~Under subsection (a)(8) of this section, an extension of unsecured~~
35 ~~closed end credit includes an extension of credit for which a payment instrument is~~
36 ~~held to ensure payment.~~

37 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
38 effect ~~October~~ June 1, 2002.

