

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 417

(Chair, Economic Matters Committee (By Request –  
Departmental – Labor, Licensing, and Regulation)

Economic Matters

Finance

---

**Financial Institutions - Cooperative Agreements and Information Sharing with  
Government Agencies**

---

This departmental bill authorizes the Commissioner of Financial Regulation to enter into cooperative and information-sharing agreements with any federal or state regulatory agency that has authority over financial institutions, provided that the agreements prohibit the agency from disclosing any shared information without prior written consent from the commissioner. Likewise, the commissioner can exchange information about a financial institution, including information obtained during an examination with any such agency. Affiliates of financial institutions are also subject to the bill's provisions if such affiliates maintain or are required to maintain a license issued by the commissioner. The bill does not authorize the commissioner to share or exchange information in any way prohibited by federal law.

The bill takes effect July 1, 2008.

---

**Fiscal Summary**

**State Effect:** Any change in State activities would not materially affect State finances.

**Local Effect:** Any change in local government activities would not materially affect local government finances.

**Small Business Effect:** The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

---

## Analysis

**Current Law/Background:** The commissioner currently only has the authority to enter into information-sharing agreements and exchange information with federal, state, or local regulatory or law enforcement agencies in situations involving the banking industry, as a result of the USA PATRIOT Act, the Maryland Money Transmission Act, and the Maryland Debt Management Services Act. The bill would extend this authority to all types of financial institutions that the commissioner regulates.

Financial institutions are experiencing a growing need for information sharing in order to prevent terrorist financing and money laundering. The USA PATRIOT Act provides financial institutions with a liability umbrella when they properly disclose private financial information to law enforcement and to other financial institutions, and encourages financial institutions to share information with each other if they suspect illegal activity. The bill would allow the commissioner to participate more fully in this information-sharing process and would assist the commissioner in preventing mortgage fraud and illegal lending activities.

---

### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Montgomery County; Calvert County; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 1, 2008  
ncs/ljm Revised - Enrolled Bill - May 2, 2008

---

Analysis by: Alexander M. Rzasa

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510