

# HOUSE BILL 990

I1, I3, E1

0lr1778  
CF SB 886

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By: **Delegates Olszewski, Cardin, DeBoy, Frick, and Shewell**

Introduced and read first time: February 12, 2010

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Financial Institutions – Credit Unions – Authority to Conduct Savings**  
3 **Promotion Raffles**

4 FOR the purpose of authorizing a credit union, subject to the approval of the  
5 Commissioner of Financial Regulation, to conduct a savings promotion raffle for  
6 the exclusive benefit of eligible members of the credit union; specifying the  
7 conditions under which a credit union may conduct a savings promotion raffle;  
8 exempting a savings promotion raffle from certain provisions of law relating to  
9 the award of prizes by chance; authorizing the Commissioner to take certain  
10 actions relating to a savings promotion raffle; authorizing a certain credit union  
11 to conduct a savings promotion raffle notwithstanding any other provision of the  
12 Criminal Law Article; defining certain terms; and generally relating to credit  
13 unions and savings promotion raffles.

14 BY repealing and reenacting, with amendments,  
15 Article – Commercial Law  
16 Section 13–305  
17 Annotated Code of Maryland  
18 (2005 Replacement Volume and 2009 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article – Criminal Law  
21 Section 12–106  
22 Annotated Code of Maryland  
23 (2002 Volume and 2009 Supplement)

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
2 Article – Financial Institutions  
3 Section 6–716  
4 Annotated Code of Maryland  
5 (2003 Replacement Volume and 2009 Supplement)

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

8 **Article – Commercial Law**

9 13–305.

10 (a) This section does not apply to:

11 (1) Trading stamps, as defined by § 13–101 of the Business Regulation  
12 Article;

13 (2) State lottery tickets issued under the authority of Title 9, Subtitle  
14 1 of the State Government Article;

15 (3) Retail promotions, not involving the offer of gifts and prizes, which  
16 offer savings on consumer goods or services including “one-cent sales”,  
17 “two-for-the-price-of-one-sales”, or manufacturer’s “cents-off” coupons; [or]

18 (4) Games of skill competition not involving sales promotion efforts;  
19 **OR**

20 **(5) A SAVINGS PROMOTION RAFFLE CONDUCTED BY A CREDIT**  
21 **UNION UNDER § 6–716 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

22 (b) A person may not notify any other person by any means, as part of an  
23 advertising scheme or plan, that the other person has won a prize, received an award,  
24 or has been selected or is eligible to receive anything of value if the other person is  
25 required to purchase goods or services, pay any money to participate in, or submit to a  
26 sales promotion effort.

27 (c) In addition to the exceptions provided in subsection (a) of this section,  
28 subsection (b) of this section does not prohibit the offer of prizes requiring the person  
29 to purchase other goods and services if the retail price of the prize offered does not  
30 exceed the greater of:

31 (1) \$40; or

32 (2) The lesser of:

1 (i) 20% of the purchase price of the goods or services that must  
2 be purchased; or

3 (ii) \$400.

4 (d) The exception provided in subsection (c) of this section does not apply to  
5 the offer of a prize requiring the person either to pay any money to participate in or to  
6 submit to a sales promotion effort, or to a prize promotion involving the award of  
7 prizes by chance.

8 (e) When a person offers prizes in a sales promotion effort relating to the  
9 sale, lease, or rental of real property not prohibited by this section, that person shall  
10 disclose to each offeree, in writing, clearly and conspicuously:

11 (1) That the purpose of the sales promotion effort is to solicit the  
12 purchase, lease, or rental of real property;

13 (2) The exact number of each prize offered in each category to be made  
14 available during the sales promotion;

15 (3) The manufacturer's suggested retail price or comparable retail  
16 price of each prize offered;

17 (4) (i) If calculable in advance, the odds against winning each  
18 prize; or

19 (ii) If not calculable in advance, a statement to that effect, or  
20 that the odds of winning will be determined by the number of entries;

21 (5) Whether all prizes offered will be awarded and when a  
22 determination of winners will be made; and

23 (6) If prizes with retail prices or monetary values in excess of \$100 are  
24 offered, where and when a list of winners of those prizes can be obtained.

25 (f) Where provisions of law or regulations relating to the awarding of prizes  
26 in the sale, lease, or rental of real property exist, including § 11A–119 of the Real  
27 Property Article, the provisions of those laws or regulations shall apply if the  
28 provisions are more stringent than this section.

29 (g) If a person offers a contest, sweepstakes, or other sales promotion effort  
30 not prohibited by this section, involving the award of prizes by chance, that person  
31 shall disclose to each offeree in writing:

32 (1) The exact number of each prize offered in each category to be made  
33 available during the contest, sweepstakes, or sales promotion;

1                   (2)    The manufacturer's suggested retail price, or comparable retail  
2 price, of each prize offered;

3                   (3)    If calculable in advance, the odds against winning each prize and if  
4 not calculable in advance, a statement that the odds of winning will be determined by  
5 the number of entries;

6                   (4)    Whether all prizes offered will be awarded and when a  
7 determination of winners will be made;

8                   (5)    What, if any, conditions must be met in order to receive a prize;

9                   (6)    If prizes with retail prices or monetary values in excess of \$100 are  
10 offered, where and when a list of winners of those prizes can be obtained; and

11                   (7)    That in order to receive the prize offered in the sales promotion you  
12 may not be required to:

13                           (i)    Purchase goods or services;

14                           (ii)   Pay any money; or

15                           (iii)   Where applicable, submit to a sales promotion effort.

16                   (h)    If a person offers a contest, sweepstakes, or other sales promotion effort  
17 not prohibited by this section, not involving the award of prizes by chance, that person  
18 shall disclose to each offeree in writing:

19                   (1)    The manufacturer's suggested retail price, or comparable retail  
20 price of each prize offered;

21                   (2)    What, if any, conditions must be met in order to receive a prize;  
22 and

23                   (3)    That in order to receive the prize offered in the sales promotion you  
24 may not be required to:

25                           (i)    Purchase goods or services, unless the retail price of the  
26 prize is within the limits set by subsection (c) of this section;

27                           (ii)   Pay any money; or

28                           (iii)   Where applicable, submit to a sales promotion effort.

29                   (i)    The disclosures shall appear on the first page of the prize notification  
30 document.

**Article – Criminal Law**

12–106.

(a) (1) Notwithstanding any other provision of this subtitle, Subtitle 2 of this title, or Title 13 of this article and except as otherwise provided in this subsection, a bona fide charitable organization in this State may conduct a raffle for the exclusive benefit of the charitable organization if the prize awarded is real property:

(i) to which the charitable organization holds title; or

(ii) for which the charitable organization has the ability to convey title.

(2) A charitable organization may not conduct more than two raffles of real property in a calendar year.

(3) The Secretary of State may adopt regulations governing a raffle of real property by a charitable organization under this subsection.

(b) (1) Notwithstanding any other provision of this article and except as otherwise provided in this subsection, a political committee or candidate for public office may conduct a raffle if the prizes awarded are money or merchandise.

(2) (i) The cost of a raffle ticket under this subsection may not exceed \$5.

(ii) An individual may not purchase more than \$50 worth of tickets.

(3) This subsection does not relieve a political committee or candidate from the reporting and record keeping requirements under the Election Law Article.

**(C) 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.**

**Article – Financial Institutions**

**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:**

1                   (I)   MAINTAINS A QUALIFYING SHARE CERTIFICATE  
2 ACCOUNT AT A CREDIT UNION PARTICIPATING IN A SAVINGS PROMOTION  
3 RAFFLE;

4                   (II)   IS A MEMBER IN GOOD STANDING;

5                   (III)   IS AN ADULT; AND

6                   (IV)   IS A RESIDENT OF THIS STATE.

7                   (3)   “QUALIFYING SHARE CERTIFICATE ACCOUNT” MEANS A  
8 SAVINGS ACCOUNT, SAVINGS PROGRAM, OR OTHER TIME DEPOSIT OFFERED TO  
9 AN ELIGIBLE CREDIT UNION MEMBER FOR A SAVINGS PROMOTION RAFFLE.

10                  (4)   “SAVINGS PROMOTION RAFFLE” MEANS A PRIZE-LINKED  
11 SAVINGS PRODUCT OFFERED BY A PARTICIPATING CREDIT UNION TO AN  
12 ELIGIBLE CREDIT UNION MEMBER.

13                  (B)   SUBJECT TO THE APPROVAL OF THE COMMISSIONER, A CREDIT  
14 UNION MAY CONDUCT A SAVINGS PROMOTION RAFFLE FOR THE EXCLUSIVE  
15 BENEFIT OF ELIGIBLE CREDIT UNION MEMBERS IF:

16                  (1)   THE SOLE CONSIDERATION REQUIRED FOR A CHANCE TO WIN  
17 A SPECIFIED PRIZE IS THE DEPOSIT OF A MINIMUM SPECIFIED AMOUNT OF  
18 MONEY IN A QUALIFYING SHARE CERTIFICATE ACCOUNT;

19                  (2)   EACH TICKET OR ENTRY IN THE SAVINGS PROMOTION RAFFLE  
20 HAS AN EQUAL CHANCE OF BEING DRAWN;

21                  (3)   THE CREDIT UNION MAINTAINS BOOKS AND RECORDS  
22 RELATING TO THE SAVINGS PROMOTION RAFFLE; AND

23                  (4)   THE SAVINGS PROMOTION RAFFLE WILL NOT:

24                               (I)   HARM THE CREDIT UNION’S ABILITY TO OPERATE IN A  
25 SAFE AND SOUND MANNER; OR

26                               (II)   MISLEAD THE CREDIT UNION’S MEMBERS.

27                  (C)   THE COMMISSIONER MAY:

28                               (1)   EXAMINE THE CONDUCT OF A SAVINGS PROMOTION RAFFLE;  
29 AND

1                   **(2)    ISSUE A CEASE AND DESIST ORDER UNDER § 6-906 OF THIS**  
2 **TITLE FOR A VIOLATION OF THIS SECTION.**

3           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4   October 1, 2010.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.