

SENATE BILL 515

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5lr2013
CF 5lr2526

By: **Senator Klausmeier**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Depository Institutions – Savings Promotion Raffles**

3 FOR the purpose of altering the circumstances under which certain depository institutions
4 may conduct a savings promotion raffle; repealing a requirement that a depository
5 institution that offers a savings promotion raffle must post in certain locations and
6 disclose in certain materials a certain statement describing the terms and conditions
7 of the savings promotion raffle; repealing a requirement that a savings promotion
8 raffle conducted by a banking institution must be approved by the Commissioner of
9 Financial Regulation; repealing certain provisions of law relating to savings
10 promotion raffles conducted by State-chartered credit unions made unnecessary by
11 certain provisions of this Act; altering certain definitions; making certain conforming
12 changes; and generally relating to savings promotion raffles conducted by depository
13 institutions.

14 BY repealing and reenacting, with amendments,
15 Article – Commercial Law
16 Section 13–305(a)
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2014 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Criminal Law
21 Section 12–106(c)
22 Annotated Code of Maryland
23 (2012 Replacement Volume and 2014 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – Financial Institutions
26 Section 1–101(a) and (i)
27 Annotated Code of Maryland
28 (2011 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Financial Institutions
3 Section 1–211
4 Annotated Code of Maryland
5 (2011 Replacement Volume and 2014 Supplement)

6 BY repealing
7 Article – Financial Institutions
8 Section 6–716
9 Annotated Code of Maryland
10 (2011 Replacement Volume and 2014 Supplement)

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

13 **Article – Commercial Law**

14 13–305.

15 (a) This section does not apply to:

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

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

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

23 (4) Games of skill competition not involving sales promotion efforts; or

24 (5) A savings promotion raffle conducted by a [credit union under § 6–716
25 of the Financial Institutions Article or by a] depository institution under § 1–211 of the
26 Financial Institutions Article.

27 **Article – Criminal Law**

28 12–106.

29 (c) [(1) Notwithstanding any other provision of this article, a credit union
30 organized under Title 6 of the Financial Institutions Article may conduct a savings
31 promotion raffle under § 6–716 of the Financial Institutions Article.

1 **(III) THROUGH WHICH ELIGIBLE CUSTOMERS MAY OBTAIN**
2 **CHANCES TO WIN PRIZES IN A SAVINGS PROMOTION RAFFLE.**

3 (5) “Savings promotion raffle” means a contest **IN WHICH:**

4 (i) Associated with one or more qualified deposit accounts;

5 (ii) Conducted by a depository institution, alone or together with
6 other businesses; and

7 (iii) In which eligible customers are offered one or more chances to
8 win specified prizes.]

9 **(I) THE SOLE CONSIDERATION REQUIRED FOR A CHANCE OF**
10 **WINNING DESIGNATED PRIZES IS OBTAINED BY THE DEPOSIT OF A SPECIFIED**
11 **AMOUNT OF MONEY IN A QUALIFYING ACCOUNT; AND**

12 **(II) EACH TICKET OR ENTRY HAS AN EQUAL CHANCE OF BEING**
13 **DRAWN.**

14 (b) **[(1)]** A depository institution may conduct a savings promotion raffle **FOR**
15 **THE EXCLUSIVE BENEFIT OF ELIGIBLE CUSTOMERS** if:

16 (i) A requirement for a chance to win a specified prize is:

17 1. The deposit of a minimum specified amount of money in a
18 qualifying deposit account according to the terms and conditions developed for the savings
19 promotion raffle; or

20 2. The submission of any entry according to the terms and
21 conditions developed for the savings promotion raffle with no deposit or purchase
22 necessary;

23 (ii) Each entry in the savings promotion raffle has an equal chance
24 of being drawn;

25 (iii) **(1)** The depository institution maintains books and records
26 relating to the savings promotion raffle; and

27 **[(iv)] (2)** The savings promotion raffle will not:

28 **[1.] (I)** Harm the depository institution’s ability to operate
29 in a safe and sound manner; or

1 [2.] (II) Mislead the depository institution's customers.

2 [(2) A depository institution offering a savings promotion raffle under this
3 section shall post in any location where entries may be submitted and disclose in any
4 materials promoting the raffle a statement describing the terms and conditions of the
5 raffling including that:

6 (i) No purchase is necessary;

7 (ii) Making deposits or purchasing goods or services will not improve
8 the odds of winning; and

9 (iii) The odds of winning will be determined based on the number of
10 entries received.

11 (3) In addition to the requirements under paragraph (1) of this subsection,
12 a savings promotion raffle conducted by a banking institution must be approved by the
13 Commissioner.]

14 (c) Except as preempted by federal law, the Commissioner may:

15 (1) Examine the conduct of a savings promotion raffle; and

16 (2) Issue a cease and desist order under § 5-808 of this article for a
17 violation of this section.

18 [6-716.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) "Eligible credit union member" means an individual member of a credit
21 union who:

22 (i) Maintains a qualifying share certificate account at a credit union
23 participating in a savings promotion raffle;

24 (ii) Is a member in good standing;

25 (iii) Is an adult; and

26 (iv) Is a resident of this State.

27 (3) "Qualifying share certificate account" means a savings account, savings
28 program, or other time deposit offered to an eligible credit union member.

29 (4) "Savings promotion raffle" means a contest:

1 (i) Associated with one or more qualified share certificate accounts;

2 (ii) Conducted by a credit union, alone or together with other
3 businesses; and

4 (iii) In which eligible credit union members are offered one or more
5 chances to win specified prizes.

6 (b) Subject to the approval of the Commissioner, a credit union may conduct a
7 savings promotion raffle for the exclusive benefit of eligible credit union members if:

8 (1) A requirement for a chance to win a specified prize is:

9 (i) The deposit of a minimum specified amount of money in a
10 qualifying share certificate account according to the terms and conditions developed for the
11 savings promotion raffle; or

12 (ii) The submission of an entry according to the terms and conditions
13 developed for the savings promotion raffle with no deposit or purchase necessary;

14 (2) Each entry in the savings promotion raffle has an equal chance of being
15 drawn;

16 (3) The credit union maintains books and records relating to the savings
17 promotion raffle; and

18 (4) The savings promotion raffle will not:

19 (i) Harm the credit union's ability to operate in a safe and sound
20 manner; or

21 (ii) Mislead the credit union's members.

22 (c) A credit union offering a savings promotion raffle under this section shall post
23 in any location where entries may be submitted and disclose in any materials promoting
24 the raffle a statement describing the terms and conditions of the raffle including that:

25 (1) No purchase is necessary;

26 (2) Making deposits or purchasing goods or services will not improve the
27 odds of winning; and

28 (3) The odds of winning will be determined based on the number of entries
29 received.

30 (d) The Commissioner may:

1 (1) Examine the conduct of a savings promotion raffle; and

2 (2) Issue a cease and desist order under § 6–906 of this title for a violation
3 of this section.]

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2015.