

# HOUSE BILL 362

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By: **Delegate Conaway**

Introduced and read first time: January 25, 2017

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Recurring Automatic Orders – Notice of Method of**  
3 **Contract Cancellation**

4 FOR the purpose of requiring a merchant that provides or sells consumer goods or  
5 consumer services by mail or over the telephone under a certain contract with a  
6 consumer to include or send a certain notice that includes certain information on  
7 how to cancel the contract to the consumer under certain circumstances; providing  
8 for a certain penalty; and generally relating to a notice of method of contract  
9 cancellation to consumers for recurring automatic orders with a merchant.

10 BY repealing and reenacting, without amendments,  
11 Article – Commercial Law  
12 Section 13–101(c), (d), and (g)  
13 Annotated Code of Maryland  
14 (2013 Replacement Volume and 2016 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Commercial Law  
17 Section 14–1321  
18 Annotated Code of Maryland  
19 (2013 Replacement Volume and 2016 Supplement)

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

22 **Article – Commercial Law**

23 13–101.

24 (c) (1) “Consumer” means an actual or prospective purchaser, lessee, or  
25 recipient of consumer goods, consumer services, consumer realty, or consumer credit.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “Consumer” includes:

2 (i) A co-obligor or surety for a consumer;

3 (ii) A licensee or recipient of computer information or computer  
4 programs under a consumer contract as defined in § 22–102 of this article;

5 (iii) An individual who sells or offers for sale to a merchant consumer  
6 goods or consumer realty that the individual acquired primarily for personal, household,  
7 family, or agricultural purposes; or

8 (iv) A fraternal, religious, civic, patriotic, educational, or charitable  
9 organization that purchases, rents, or leases goods or services for the benefit of the  
10 members of the organization.

11 (d) (1) “Consumer credit”, “consumer debts”, “consumer goods”, “consumer  
12 realty”, and “consumer services” mean, respectively, credit, debts or obligations, goods, real  
13 property, and services which are primarily for personal, household, family, or agricultural  
14 purposes.

15 (2) “Consumer goods” and “consumer services” include, respectively, goods  
16 and services which are purchased, rented, or leased by a fraternal, religious, civic, patriotic,  
17 educational, or charitable organization for the benefit of the members of the organization.

18 (g) (1) “Merchant” means a person who directly or indirectly either offers or  
19 makes available to consumers any consumer goods, consumer services, consumer realty, or  
20 consumer credit.

21 (2) “Merchant” includes a person:

22 (i) Who directly or indirectly purchases or offers to purchase any  
23 consumer goods or consumer realty from a consumer; and

24 (ii) Whose business includes paying off consumer debt in connection  
25 with the purchase of any consumer goods or consumer realty from a consumer.

26 14–1321.

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

28 (2) “Account” means:

29 (i) A credit card account;

30 (ii) A debit card account;

- 1 (iii) A bank account; or
- 2 (iv) Any other financial account.
- 3 (3) “Consumer goods” has the meaning stated in § 13–101 of this article.
- 4 (4) “Consumer services” has the meaning stated in § 13–101 of this article.
- 5 (5) “Merchant” has the meaning stated in § 13–101 of this article.

6 (b) A merchant that provides **OR SELLS** consumer goods or consumer services  
7 over the Internet, **BY MAIL, OR OVER THE TELEPHONE** under a contract with a consumer  
8 that requires the consumer to make periodic payments for the consumer goods or consumer  
9 services and allows the merchant to collect the payments directly from the consumer’s  
10 account shall:

11 **(1) IF THE CONSUMER GOODS OR CONSUMER SERVICES ARE**  
12 **PROVIDED OR SOLD OVER THE INTERNET**, include in a prominent place on its Web site:

13 **[(1)] (I) A toll-free telephone number that a consumer may call to cancel**  
14 **the contract; [or]**

15 **(II) A LINK TO A WEB PAGE THAT ALLOWS THE CONSUMER TO**  
16 **CANCEL THE CONTRACT; OR**

17 **[(2)] (III) An address to which a consumer may write to cancel the contract;**

18 **(2) IF THE CONSUMER GOODS ARE PROVIDED OR SOLD BY MAIL OR**  
19 **OVER THE TELEPHONE, INCLUDE A WRITTEN NOTICE WITH EACH SHIPMENT OF THE**  
20 **CONSUMER GOODS THAT STATES:**

21 **(I) A TOLL-FREE TELEPHONE NUMBER THAT A CONSUMER MAY**  
22 **CALL TO CANCEL THE CONTRACT; OR**

23 **(II) AN ADDRESS TO WHICH A CONSUMER MAY WRITE TO**  
24 **CANCEL THE CONTRACT; OR**

25 **(3) IF THE CONSUMER SERVICES ARE PROVIDED OR SOLD BY MAIL OR**  
26 **OVER THE TELEPHONE, SEND A WRITTEN NOTICE TO THE CONSUMER AT LEAST ONE**  
27 **WEEK BEFORE A PAYMENT IS DUE TO THE MERCHANT THAT PROVIDES:**

28 **(I) A TOLL-FREE TELEPHONE NUMBER THAT A CONSUMER MAY**  
29 **CALL TO CANCEL THE CONTRACT; OR**

1                                   **(II) AN ADDRESS TO WHICH A CONSUMER MAY WRITE TO**  
2 **CANCEL THE CONTRACT.**

3           (c)     A violation of this section is:

4                   (1)     An unfair or deceptive trade practice within the meaning of Title 13 of  
5 this article; and

6                   (2)     Subject to the enforcement and penalty provisions contained in Title 13  
7 of this article.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2017.