

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General

Writer's Direct Email:
stevesw@oag.state.md.us



STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Direct Fax No.
(410) 576-6566

Writer's Direct Dial No.
(410) 576-6307

March 2, 2022

To: The Honorable Dolores G. Kelley
Chair, Finance Committee

From: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: Senate Bill 610 – Commercial Law - Consumer Protection – Online Marketplace
Disclosure Requirements (SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 610, sponsored by Senators Jennings and Feldman, with the amendments discussed below. Senate Bill 610, also known as the INFORM Act, would help to cut down on the sale of counterfeit and stolen products on online marketplaces like Amazon and Facebook by, among other things, requiring those online marketplaces to verify information about third-party sellers on their websites. The bill would also require disclosure of information about third-party sellers to assist consumers who may have disputes.

The Division has received complaints from consumers who have purchased goods from third-party sellers through online marketplaces that have turned out to be counterfeit, stolen or defective. Senate Bill 610 would help to address this situation by ensuring that the online marketplace obtain basic information to verify the legitimacy of the third-party seller, including tax identification and bank or payment account information. The bill would also require that the online marketplace disclose contact information for the third-party seller to consumers if a problem arises.¹

The Division believes that Senate Bill 610 would help to cut down on the ability of rogue third-party sellers to hide behind anonymity on online marketplaces. However, the Division believes that some of the provisions of Senate Bill 610 would need to be amended:

¹ Nothing in Senate Bill 610 would diminish any liability that an online marketplace would have for the sale of counterfeit goods on its website.

- Section 14-4401(b)(1) defines the term “Consumer Product” (page 2, lines 10 through 14). However, the Consumer Protection Act uses the term “Consumer Goods”, Commercial Law § 13-101(d). The Division is concerned that introducing the term “Consumer Product” could create confusion in enforcing the law and recommends that Consumer Product be replaced by “Consumer Goods” throughout the bill.
- The Division is not sure about the intent of section 14-4406 (page 8, lines 17-22) or what constitutes a political subdivision. The Division notes that both Montgomery and Howard Counties have consumer protection offices that assist consumers and undertake enforcement actions for violations of consumer protection laws. Section 14-4406 could impair the ability of those offices to assist consumers who are victims of fraudulent third-party sellers. The Division recommends that the section be deleted from the bill.
- Section 14-4407 (page 8, line 24) provides that the Division “shall” issue regulations to carry out the INFORM Act. While the Division believes that regulations might be appropriate in implementing the law, the Division also believes that a determination of whether regulations are needed warrants changing the requirement (“shall”) to an authorization (“may”).

Accordingly, the Division respectfully requests that the Finance Committee return a favorable report on this bill with the amendments discussed.

cc: The Honorable J.B. Jennings
The Honorable Brian J. Feldman
Members, Finance Committee