

SB 252_Consumer Protections.pdf

Uploaded by: Delores Kelley

Position: FAV

SENATOR DELORES G. KELLEY
Legislative District 10
Baltimore County

—
Chair
Finance Committee

—
Executive Nominations Committee
Rules Committee
Legislative Policy Committee



Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3606 · 301-858-3606
800-492-7122 Ext. 3606
Fax 410-841-3399 · 301-858-3399
Delores.Kelley@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

TESTIMONY OF SENATOR DELORES G. KELLEY
REGARDING SENATE BILL 252-COMMISSIONER OF FINANCIAL
REGULATION-ENHANCED CONSUMER PROTECTIONS AND
ENFORCEMENT TOOLS
BEFORE THE SENATE FINANCE COMMITTEE
ON FEBRUARY 2, 2022

Colleagues:

In 2017, the Maryland Financial Consumer Protection Commission issued its interim report and recommended that the Office of the Commissioner of Financial Regulation (“OCFR”) be given enhanced authority to investigate and bring enforcement actions for unfair, deceptive, and/or abusive acts or practices in consumer transactions involving non-depository entities and persons. Those restrictions were to be similar to the prohibitions contained in Title 5, Subtitle 8, of the Financial Institutions Article that currently apply to banking institutions. I am pleased to sponsor this legislation to do just that. This bill will help the OCFR better carry out its mission of protecting

Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, fair competition, and responsible business innovation.

SB 252 promotes these goals by adding a provision to Maryland law that prohibits regulated entities from advertising, making representations, or engaging in acts that are false, misleading, unfair, deceptive, or injurious to the public interest - prohibitions which state banks are already subject to under current law. Extending these provisions to all regulated entities increases consumer protections, levels the competitive environment, and promotes responsible business innovation and fair competition.

SB 252 also prohibits other anti-competitive practices, for example, it prohibits lenders from imposing, as a condition for a loan, any restriction on obtaining credit, property, or service from a competitor - unless that restriction is reasonably necessary to secure the loan. Senate Bill 252 also includes some technical changes to harmonize existing confidentiality and enforcement provisions of Maryland law - all which help the Office of the Commissioner continue integrating with networked supervisory exam systems, such as the

SB 252-Page 3

Nationwide Multistate Licensing System (NMLS) & the State Examination System (SES) and ultimately harmonize their enforcement authority across regulated industries.

Overall, Senate Bill 252 focuses on protecting consumers by extending existing limits against unfair, deceptive and anti-competitive actions to all regulated entities and simultaneously enhancing the OCFR's ability to effectively participate in multi-state, networked supervisory activities.

With that, I request a favorable Committee Report.

Consumer Law Center Opposition to SB 252.pdf

Uploaded by: Phillip Robinson

Position: UNF

CONSUMER LAW CENTER LLC

Phillip Robinson*

A Consumer Rights Law Firm
10125 Colesville Road, Suite 378
Silver Spring, MD 20901

* Admitted in MD

Phone (301) 448-1304
www.marylandconsumer.com

To: Senate Finance Committee
From: Phillip Robinson
Date: January 31, 2022
Subject: **STATEMENT IN OPPOSITION TO SB 252**

On behalf of the consumers throughout the State of Maryland who are victims of the unfair and deceptive conduct by financial service companies and the people who work for them, I oppose SB 252 because it is not clear why the Commissioner of Financial Regulation requires the purported authority sought by this legislation. The Commissioner has not communicated with Maryland's traditional consumer advocates to explain the need for the legislation.

The current Commissioner of Financial Regulation, as compared to his predecessors, also has taken a hands-off approach to enforcement of his licensees and generally not pursued meaningful enforcement activities of his licensees who harm your constituents by churning unlawful fees, violating Maryland's laws, or otherwise acting unfairly and deceptively.

The bill seems aimed to permit the Commissioner to establish different standards by regulation for "unfair, deceptive, abusive, or injurious" conduct than already exists under the Maryland Consumer Protection Act. There simply is no just explanation why the same standards under the CPA should not be referenced in the bill rather than permitting the Commissioner to side-step the standards already in place under the law.

ON BEHALF OF YOUR CONSTITUENTS AND MY CLIENTS THROUGHOUT THE STATE PLEASE VOTE UNFAVORABLE ON SB 252. The role of the Commissioner's enforcement authority and influences from political forces upon that position should be studied further to not create unintended loopholes. This is especially so when the Commissioner has not provided sufficient basis for needing this authority which is already governed by other laws.