



HB 1299

Consumer Protection - Maryland Consumer Protection Act - Trade or Commerce Violations

Hearing before the Senate Finance Committee

March 26, 2024

POSITION: Favorable

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits. CLC provides direct legal representation to communities and nonprofits and advocates on consumer and other issues that impact our clients.

CLC supports HB 1299 to expand the Maryland Office of the Attorney General's ability to protect Marylanders from unfair, abusive, or deceptive trade practices. CLC has seen the impact that these practices have on Maryland communities. Even when individual consumers or nonprofit organizations are not involved directly in transactions, they feel the downstream impacts of harmful trade practices in their neighborhoods.

One recent example is the situation created by Philadelphia-based ABC Capital. ABC sought investors, many out of Maryland and outside the US, on whose behalf ABC would purchase homes in Baltimore, rehab them, and rent them out. However, ABC often did not complete property acquisition, or stopped maintaining the properties it did acquire, leaving them to deteriorate. Its business practices negatively impacted communities by leaving vacant properties to continuing abandonment and decay, harming nearby or adjacent homes and posing a danger to passersby, inviting illegal dumping, lowering neighboring property values, and requiring the use of municipal police, fire, and code enforcement services. In 2023, a woman was killed in a house fire at one such ABC-acquired property. The out of state property owner had been cited for failure to register it as a vacant building and for failing to abate issues with the property.

ABC is now facing lawsuits and judgments both in the US and abroad, and under investigation by the Pennsylvania Attorney General's Office. However, because ABC is accused of defrauding investors rather than consumers, the Maryland OAG is limited in how it can intervene under the Maryland Consumer Protection Act. This leaves communities vulnerable; when they try to report widespread issues with a business's practices, the OAG is unable to intervene if the situation does not directly involve consumers – regardless of the downstream impact that the harmful business practices may cause to consumers and communities. And in addition to the immediate and direct harm posed by properties acquired through ABC, ABC's business practices tangle the titles of properties, complicating redevelopment efforts and making investors more reluctant to invest in Baltimore. They also hurt local jurisdictions by keeping properties vacant and deteriorating, contributing to the declining tax base.

HB 1299 would give the OAG the ability to pursue bad actors engaged in unfair, abusive, and deceptive trade practices, to ensure that Maryland communities are protected, and that their interests do not fall through the cracks when new and complex business transactions come to their neighborhoods. CLC supports HB 1299. Thank you for the opportunity to testify.

For the above reasons,
CLC urges a FAVORABLE VOTE ON HB 1299.

Please contact Shana Roth-Gormley, Staff Attorney at Community Law Center, with any questions.

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