

testimony2024crosshb1299.pdf

Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Finance Committee
HB 1299 – Consumer Protection – Maryland Consumer Protection Act –
Trade or Commerce Violations
Position: Favorable

The Honorable Pam Beidle
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 26, 2024

Honorable Chair Beidle and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to protect Maryland consumers and secure safety, transparency, and fair treatment for Maryland drivers and car buyers.

We support **HB 1299** because it extends the reach of Maryland's landmark Consumer Protection Act in ways that will add new protections for consumers in some circumstances and help protect Maryland small businesses, contractors, home sellers and others against fraud or deceptive commercial practices as well.

Particularly important here, I think is adding the language that includes in "sales" covered by the act transactions in which a consumer receives benefits "in exchange for a consumer being subjected to advertising or the collection of information." This change would extend protections against "unfair abusive or deceptive trade practices" to websites and apps and social media firms that harvest extensive data from consumers even if they may not directly sell us any products.

Including "trade or commerce," defined as "any economic activity within the state that involves or relates to a commodity or service," under the jurisdiction of the law – as the bill would also do -- would also help protect home sellers, builders and contractors (who have to buy all kinds of commodities to do their work but may not be "consumers" under the current meaning of the law) against fraud and abuse.

Maryland's Consumer Protection Act is a powerful tool to fight fraud and deceptive marketing. **HB 1299** will enable it to do even more to protect Marylanders.

We support HB 1299 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

HB1299_AARP_Morgan_FAV..pdf

Uploaded by: Karen Morgan

Position: FAV



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpm
facebook.com/aarpm

HB 1299 – Maryland Consumer Protection Act – Trade or Commerce Violations
FAVORABLE
Senate Finance Committee
March 26, 2024

Good afternoon, Chairman Beidle and Members of the House Economic Matters Committee. I am Karen Morgan, a member of the Executive Council for AARP Maryland. As you may know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 850,000 members. We thank Attorney General Brown for requesting this legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

We support this request by the Office of the Attorney General to improve the arsenal of weapons available to fight unfair, abusive, and deceptive trade practices. This problem does not just affect consumers as buyers of all kinds of goods and commodities, but also affects consumers as sellers of these items. Social media platforms have made it easy for consumers to be on both sides of these transactions. Unfortunately, criminals have also found it far too easy to use these platforms to deceive people into believing that they are selling an item to a buyer who doesn't really exist or to deceive people into believing that they will receive fair market value for an item when the buyer never intended to deal with the seller fairly.

The Consumer Protection Division of the Office of the Attorney General is the primary enforcer for and protector of consumers in Maryland. But the division needs sufficient resources and authority to carry out its responsibilities. HB 1299 would expand the authority of the Attorney General to protect consumers regardless of whether they are in the role of seller or buyer. The proliferation of deceptive practices these days puts consumers at a distinct disadvantage when they are trying to transact business, especially when they try to conduct that business through online channels.

An example of where additional authority is needed pertains to companies that offer to pay cash to buy houses, an example cited by the Attorney General. People who sell houses to these companies are often people who are ages 50 and older. They may be looking to downsize or move nearer to family after retirement. Their homes may be paid off and have no mortgage, but some of these companies entice consumers with offers to quickly buy the home for a fair market price. Consumers complete the contract believing that they are going to get that price, but a number of these companies will end up paying only a fraction of the fair market value for homes. In other

cases, these companies neglect to record the deeds on the properties bought, so the consumer is still liable for property taxes on a home they thought they had sold. Amending the Maryland Consumer Protection Act as proposed in HB 1299 would enable the Attorney General to bring enforcement actions, including injunctions and fines, to hold these unscrupulous companies accountable for their actions.

Another example where broader enforcement is needed is regarding small businesses that are victimized by fraud. Although small businesses can be attacked as severely or even more severely than individual consumers when it comes to fraud, if that fraud occurs against a small business (not a consumer) the Division of Consumer protection is hamstrung in its ability to seek enforcement and remedial action.

HB 1299 would amend the Maryland Consumer Protection Act to more clearly establish the authority of the Attorney General to protect the integrity of all business activity without the artificial distinction of whether the victim was a consumer, or whether that consumer was a buyer or seller in the transaction.

AARP supports HB 1299 and respectfully requests the Senate Finance Committee to issue a favorable report. For questions, please contact Tammy Bresnahan, Director of Advocacy for AARP Maryland at tbresnahan@aarp.org or by calling 410-302-8451.

CLC Written Testimony Senate HB 1299 Consumer Prot

Uploaded by: Shana Roth-Gormley

Position: FAV



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.

ShanaR@communitylaw.org | 410-366-0922 x 118

HB 1299 - Trade or Commerce - CPD - Senate Support

Uploaded by: William Gruhn

Position: FAV

CANDACE McLAREN LANHAM
Chief Deputy Attorney General

CAROLYN A. QUATTROCKI
Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CHRISTIAN E. BARRERA
Chief Operating Officer

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

PETER V. BERNS
General Counsel



ANTHONY G. BROWN
Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

WILLIAM D. GRUHN
Chief
Consumer Protection Division

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

March 26, 2024

TO: The Honorable Pamela Beidle, Chair
Finance Committee

FROM: William D. Gruhn., Chief
Consumer Protection Division

RE: House Bill 1299 – Consumer Protection – Maryland Consumer Protection
Act – Trade or Commerce Violations (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) strongly supports House Bill 1299, a Departmental bill that would alter the scope of Maryland’s Consumer Protection Act (“CPA”) to prohibit unfair, abusive or deceptive practices that occur in “Trade or Commerce.”

The CPA, among other things, prohibits unfair, abusive or deceptive practices in connection with the sale or offer for sale of consumer goods, services and realty, the extension of consumer credit, and in the collection of consumer debts. While the CPA has enabled the Consumer Protection Division to bring enforcement actions to protect Maryland consumers, recovering millions of dollars for victims of deceptive practices, there have been some instances where harmful practices do not cleanly fit into the CPA’s prohibitions.

House Bill 1299 would allow the Division to address many of those practices by altering the CPA to prohibit acts that occur in “Trade or Commerce” rather than just in connection with an offer or sale to a consumer. This change will provide the Maryland Consumer Protection Act with the same scope as the laws in more than half the states. Some examples of situations the Division would be able to address under HB 1299 include:

- ABC Capital, which convinced out-of-state investors to invest in rental properties in Baltimore City and elsewhere in Maryland by promising to rehabilitate the properties and then manage and rent them to tenants. However, ABC Capital did

not rehabilitate the properties, nor did it rent the properties, leaving not only the investors in the lurch but also harming the communities in which the properties were located, including a death that resulted from a vacant ABC Capital property.

- Businesses that offer to “buy houses” from consumers, often senior citizens who no longer have mortgages, have been reported to have paid homeowners a fraction of the homes’ value, failed to record the deeds on the property, leaving the consumers liable for taxes that they are unaware of, and engaged in other deceptive practices that harm the homeowners selling their properties.
- The Maryland Supreme Court refused to recognize a cause of action against the manufacturer of defective fire-retardant plywood because the manufacturer sold and marketed its product to home builders rather than consumers. Under the Court’s opinion, instead of bringing an action against the manufacturer of the defective plywood that was the source of the defect, the consumers’ action needed to be brought against the Maryland home builder who sold the home.
- Small businesses owners who are victims of a variety of scams.

Additionally, HB 1299 would obviate the need to amend the definition of who is a “consumer” under the CPA each time a new practice arises, such as churches that were victims of an Internet Kiosk scam (which led to the addition of section 13-101(c)(2)(iv) of the CPA) or consumers who sold their cars in response to a deceptive “We Buy Cars” promotion (which led to the addition of section 13-303(6) of the CPA). Instead, the Division would be able to address novel scams that are harming consumers and small business owners as they arise.

Accordingly, for the reasons discussed, the Consumer Protection Division requests that the Senate Finance Committee issue a favorable report on House Bill 1299.

HB 1299 - FIN - MBA - UNF - GR 24.pdf

Uploaded by: Evan Richards

Position: UNF



**HB 1299 - Consumer Protection - Maryland Consumer Protection Act -
Trade or Commerce Violations**

Committee: Senate Finance Committee

Date: March 26, 2024

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **OPPOSES** HB 1299. This legislation expands provisions of the Maryland Consumer Protection Act to apply to any business-to-business transactions within the State of Maryland.

Section 13-103 of the Commercial Law Article states that the Maryland Consumer Protection Act is “intended to provide minimum standards for the protection of consumers in the State.” For over 50 years, the Attorney General’s Office has implemented the Maryland Consumer Protection Act to protect Maryland consumers from unlawful business practices. The injunctive relief, fines, and possible jail sentences provided for in the Act were never intended to apply to business-to-business transactions. If a business believes that they have been subject to an unfair, abusive, or deceptive trade practice by another business, they have the right to retain an attorney and seek damages in court.

If it is believed that certain commercial events should be subject to the penalties outlined in the Maryland Consumer Protection Act, then the General Assembly can pass legislation saying so, as has been done before. However, applying the Act to all commerce and trade will require the Attorney General to expend taxpayer funds to essentially take sides in a business dispute.

Accordingly, MBA urges issuance of an **UNFAVORABLE** report on HB 1299.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.