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March 26, 2026

To: The Honorable Kriselda Valderrama
Chair, House Economic Matters Committee

From: Wilson Meeks
Nora Nichols
Consumer Protection Division
Office of the Attorney General

Re: Senate Bill 582 – Consumer Protection – Unsolicited Loans – (FAVORABLE)

The Consumer Protection Division (“the Division”) of the Office of the Attorney General supports Senate Bill 582, sponsored by Senators Jennings, Salling and Bailey, which prohibits the predatory lending practice of mailing “live” checks (and other similar negotiable instruments) in solicitations for loans to consumers who have not applied for or requested a loan. In addition, Senate Bill 582 provides intended recipients of checks sent in connection with unsolicited loans, in violation of the statute’s prohibition on sending such checks, protection from liability for fraud when someone other than the intended recipient deposits or cashes the check (or other negotiable instrument).

The unsolicited loans prohibited under the bill are when a lender mails a “live” check or other negotiable instrument on which an endorsement constitutes acceptance of the loan terms. “Live” check loans can be confusing to consumers, especially unsophisticated consumers and the elderly, and often come with onerous terms that are not easily identified or understood by recipients. In 2024, the Consumer Financial Protection Bureau (CFPB) issued consumer education relating to the practice of unsolicited loans and alerted consumers that live check loans often have much higher interest rates than other loans or credit cards.¹ Lenders often target unsolicited loans with “live” checks to low income populations and at specific times of year when consumers are

¹ Consumer Financial Protection Bureau, *I received an unexpected preapproved offer, or live check loan, in the mail. What happens if I cash or deposit it?* April 15, 2024, <https://www.consumerfinance.gov/ask-cfpb/unexpected-pre-approved-offer-or-live-check-loan-mail-en-2099/>

most vulnerable: when families are preparing to send children to school and during the holiday season.²

Senate Bill 582 seeks to prevent these potential harms by prohibiting the practice of mailing unsolicited loan offers with live checks altogether. Opponents will argue that restricting such solicitation practices will lead to reduced competition in the marketplace and consumers' access to credit. However, the Division believes the benefits of preventing predatory practices outweigh those concerns, especially because in 2026, consumers can more easily shop for the best loans on the internet and are likely able to apply for a loan, in just minutes, on their own volition and without predatory pressure from lenders. Senate Bill 582's protections for consumers who are sent a live check that is intercepted and cashed by a third party is important because the lender who sends the unsolicited check, and not the consumer, should bear the risk of such fraud.

Maryland has a long history of enacting legislation with strong consumer protections against predatory practices. Given the current evisceration of federal consumer protections and the Consumer Financial Protection Bureau, it is especially important for Maryland to support legislation, like Senate Bill 582, and protect Marylanders from deceptive lending practices. Accordingly, for the reasons set forth, the Consumer Protection Division requests that the Economic Matters Committee give Senate Bill 582 a favorable report.

cc. Members, House Economic Matters Committee
The Honorable J.B. Jennings
The Honorable Johnny Ray Salling
The Honorable Jack Bailey

² Edgar Dyer Institute for Leadership and Public Policy Coastal Carolina University, *Examining the Landscape of Payday and Installment Loans in South Carolina*, pg. 7, <https://www.coastal.edu/media/2024/siteassets/contentassets/documents/spadonicollegeofeducation/dyerinstitute/PayDayandInstallmentLoans.pdf>