



SB 582 - Consumer Protection - Unsolicited Loans
House Economic Matters Committee
March 26, 2026
SUPPORT

Chair Valderrama, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 582. This bill strengthens Maryland's consumer protection framework by prohibiting creditors from sending unsolicited "live checks" or negotiable instruments that function as pre-approved loans.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

SB 582 addresses a harmful and outdated lending practice. Some creditors mail checks to consumers that can be deposited immediately. Once deposited, the check becomes a loan and often has high interest rates, fees, and repayment terms that the consumer may not fully understand. These offers frequently resemble promotional mail or refund checks, creating confusion and increasing the risk that a consumer will unknowingly activate debt. **This bill creates a clear and commonsense rule: credit should be extended only when it is requested.**

These protections are especially important in today's financial landscape. Many Marylanders are managing rising costs of housing, food, utilities, and transportation. In moments of financial strain, an unsolicited check can appear to be immediate relief. However, what seems like a short-term solution can quickly turn into long-term debt with compounding interest and fees.

Unsolicited live checks raise several consumer protection concerns:

- **Lack of informed consent:** Consumers may not fully understand that depositing the check activates a loan agreement.
- **Deceptive marketing risk:** The format and presentation of these checks can blur the line between an advertisement and a financial instrument.
- **Targeted vulnerability:** Financially stressed households are more likely to rely on mailed credit offers, increasing exposure to high-cost debt.
- **Identity theft risk:** Mailing negotiable instruments increases opportunities for fraud if checks are intercepted or misused.

Maryland has long been a leader in consumer protection. SB 582 builds on that tradition by closing a gap that allows unsolicited credit to be placed directly into consumers' hands without clear, affirmative consent. Responsible lending requires transparency, clarity, and consumer choice. It should not be a surprise debt triggered by depositing a mailed check.

Thus, we encourage you to return a favorable report for SB 582.

Creating Assets, Savings and Hope