

# SENATE BILL 1053

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CF HB 786

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By: **Senator Klausmeier**

Introduced and read first time: February 27, 2012

Assigned to: Rules

Re-referred to: Finance, March 7, 2012

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 2012

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Financial Institutions – Credit Unions and Depository Institutions –**  
3 **Authority to Conduct Savings Promotion Raffles**

4 FOR the purpose of repealing a certain contingency on certain provisions of law that  
5 authorize certain depository institutions and credit unions to conduct certain  
6 savings promotion raffles; altering the circumstances under which certain  
7 depository institutions may conduct certain savings promotion raffles; requiring  
8 a depository institution or credit union offering a savings promotion raffle to  
9 post and disclose in certain materials a certain statement; clarifying language;  
10 altering certain definitions; and generally relating to the conduct of savings  
11 promotion raffles by financial institutions.

12 BY repealing

13 Chapter 627 of the Acts of the General Assembly of 2010

14 Section 2

15 BY repealing and reenacting, with amendments,

16 Chapter 627 of the Acts of the General Assembly of 2010

17 Section 3

18 BY repealing

19 Chapter 628 of the Acts of the General Assembly of 2010

20 Section 2

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,  
2 Chapter 628 of the Acts of the General Assembly of 2010  
3 Section 3

4 BY repealing and reenacting, without amendments,  
5 Article – Commercial Law  
6 Section 13–305(a)  
7 Annotated Code of Maryland  
8 (2005 Replacement Volume and 2011 Supplement)  
9 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
10 2010)

11 BY repealing and reenacting, ~~with~~ without amendments,  
12 Article – Criminal Law  
13 Section 12–106(c)  
14 Annotated Code of Maryland  
15 (2002 Volume and 2011 Supplement)  
16 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
17 2010)

18 BY repealing and reenacting, with amendments,  
19 Article – Financial Institutions  
20 Section 1–211  
21 Annotated Code of Maryland  
22 (2011 Replacement Volume and 2011 Supplement)  
23 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
24 2010)

25 BY repealing and reenacting, ~~without~~ with amendments,  
26 Article – Financial Institutions  
27 Section 6–716  
28 Annotated Code of Maryland  
29 (2011 Replacement Volume and 2011 Supplement)  
30 (As enacted by Chapters 627 and 628 of the Acts of the General Assembly of  
31 2010)

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
33 MARYLAND, That the Laws of Maryland read as follows:

34 **Chapter 627 of the Acts of 2010**

35 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
36 effect October 1, 2010, contingent on depository institutions that are subject to  
37 regulation by the Office of the Comptroller of the Currency, the Office of Thrift  
38 Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board  
39 being allowed to provide prize-linked savings products such as a savings promotion  
40 raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor

1 federal regulatory and legislative action relating to the authorization of depository  
2 institutions to provide prize-linked savings products such as savings promotion  
3 raffles, and shall notify the Department of Legislative Services within 30 days after  
4 learning that federal action has been taken to allow depository institutions to provide  
5 prize-linked products such as a savings promotion raffle authorized by this Act. If  
6 notice from the Commissioner is not received by the Department on or before October  
7 1, 2014, this Act shall be null and void without the necessity of further action by the  
8 General Assembly.]

9 SECTION 3. AND BE IT FURTHER ENACTED, That[, subject to Section 2 of  
10 this Act,] this Act shall take effect October 1, 2010.

11 **Chapter 628 of the Acts of 2010**

12 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
13 effect October 1, 2010, contingent on depository institutions that are subject to  
14 regulation by the Office of the Comptroller of the Currency, the Office of Thrift  
15 Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve Board  
16 being allowed to provide prize-linked savings products such as a savings promotion  
17 raffle authorized by this Act. The Commissioner of Financial Regulation shall monitor  
18 federal regulatory and legislative action relating to the authorization of depository  
19 institutions to provide prize-linked savings products such as savings promotion  
20 raffles, and shall notify the Department of Legislative Services within 30 days after  
21 learning that federal action has been taken to allow depository institutions to provide  
22 prize-linked products such as a savings promotion raffle authorized by this Act. If  
23 notice from the Commissioner is not received by the Department on or before October  
24 1, 2014, this Act shall be null and void without the necessity of further action by the  
25 General Assembly.]

26 SECTION 3. AND BE IT FURTHER ENACTED, That[, subject to Section 2 of  
27 this Act,] this Act shall take effect October 1, 2010.

28 **Article – Commercial Law**

29 13–305.

30 (a) This section does not apply to:

31 (1) Trading stamps, as defined by § 13–101 of the Business Regulation  
32 Article;

33 (2) State lottery tickets issued under the authority of Title 9, Subtitle  
34 1 of the State Government Article;

1 (3) Retail promotions, not involving the offer of gifts and prizes, which  
 2 offer savings on consumer goods or services including “one-cent sales”,  
 3 “two-for-the-price-of-one-sales”, or manufacturer’s “cents-off” coupons;

4 (4) Games of skill competition not involving sales promotion efforts; or

5 (5) A savings promotion raffle conducted by a credit union under  
 6 § 6-716 of the Financial Institutions Article or by a depository institution under  
 7 § 1-211 of the Financial Institutions Article.

## 8 Article – Criminal Law

9 12-106.

10 (c) (1) Notwithstanding any other provision of this article, a credit union  
 11 organized under Title 6 of the Financial Institutions Article may conduct a savings  
 12 promotion raffle under § 6-716 of the Financial Institutions Article.

13 (2) Notwithstanding any other provision of this article, a depository  
 14 institution, as defined in § 1-211 of the Financial Institutions Article, may conduct a  
 15 savings promotion raffle ~~AS AUTHORIZED~~ under § 1-211 of the Financial Institutions  
 16 Article.

## 17 Article – Financial Institutions

18 1-211.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) “Depository institution” means any State-chartered or federally  
 21 chartered financial institution, other-state bank, or foreign bank that:

22 (i) Is located in this State or maintains a branch in this State;  
 23 and

24 (ii) Is authorized to maintain qualifying deposit accounts.

25 (3) “Eligible customer” means an individual ~~customer of a depository~~  
 26 ~~institution~~ who:

27 (i) ~~Maintains a qualifying deposit account at a depository~~  
 28 ~~institution participating in a savings promotion raffle;~~

29 ~~(ii)~~ (ii) Is an adult; and

30 ~~(iii)~~ (ii) Is a resident of this State.

1 (4) “Qualifying deposit account” means a savings account, savings  
 2 program, or other time deposit offered to an eligible customer ~~for a savings promotion~~  
 3 ~~raffle.~~

4 (5) “Savings promotion raffle” means a ~~prize linked savings product~~  
 5 ~~offered by a participating depository institution to an eligible customer~~ CONTEST:

6 (I) ASSOCIATED WITH ONE OR MORE QUALIFIED DEPOSIT  
 7 ACCOUNTS;

8 (II) CONDUCTED BY A DEPOSITORY INSTITUTION, ALONE OR  
 9 TOGETHER WITH OTHER BUSINESSES; AND

10 (III) IN WHICH ELIGIBLE CUSTOMERS ARE OFFERED ONE OR  
 11 MORE CHANCES TO WIN SPECIFIED PRIZES.

12 (b) (1) ~~{A} TO THE EXTENT AUTHORIZED BY FEDERAL LAW, A~~  
 13 depository institution may conduct a savings promotion raffle ~~for the exclusive benefit~~  
 14 ~~of eligible customers~~ if:

15 (i) ~~The sole consideration required~~ A REQUIREMENT for a  
 16 chance to win a specified prize is ~~the~~:

17 1. THE deposit of a minimum specified amount of money  
 18 in a qualifying deposit account ACCORDING TO THE TERMS AND CONDITIONS  
 19 DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE; OR

20 2. THE SUBMISSION OF ANY ENTRY ACCORDING TO  
 21 THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION  
 22 RAFFLE WITH NO DEPOSIT OR PURCHASE NECESSARY;

23 (ii) Each ~~ticket or~~ entry in the savings promotion raffle has an  
 24 equal chance of being drawn;

25 (iii) The depository institution maintains books and records  
 26 relating to the savings promotion raffle; and

27 (iv) The savings promotion raffle will not:

28 1. Harm the depository institution’s ability to operate in  
 29 a safe and sound manner; or

30 2. Mislead the depository institution’s customers.

1           **(2) A DEPOSITORY INSTITUTION OFFERING A SAVINGS**  
 2 **PROMOTION RAFFLE UNDER THIS SECTION SHALL POST IN ANY LOCATION**  
 3 **WHERE ENTRIES MAY BE SUBMITTED AND DISCLOSE IN ANY MATERIALS**  
 4 **PROMOTING THE RAFFLE A STATEMENT DESCRIBING THE TERMS AND**  
 5 **CONDITIONS OF THE RAFFLING INCLUDING THAT:**

6                   **(I) NO PURCHASE IS NECESSARY;**

7                   **(II) MAKING DEPOSITS OR PURCHASING GOODS OR**  
 8 **SERVICES WILL NOT IMPROVE THE ODDS OF WINNING; AND**

9                   **(III) THE ODDS OF WINNING WILL BE DETERMINED BASED**  
 10 **ON THE NUMBER OF ENTRIES RECEIVED.**

11           ~~(2)~~ **(3)**       In addition to the requirements under paragraph (1) of this  
 12 subsection, a savings promotion raffle conducted by a banking institution must be  
 13 approved by the Commissioner.

14           (c)       Except as preempted by federal law, the Commissioner may:

15                   (1)       Examine the conduct of a savings promotion raffle; and

16                   (2)       Issue a cease and desist order under § 5–808 of this article for a  
 17 violation of this section.

18       6–716.

19           (a)       (1)       In this section the following words have the meanings indicated.

20                   (2)       “Eligible credit union member” means an individual member of a  
 21 credit union who:

22                           (i)       Maintains a qualifying share certificate account at a credit  
 23 union participating in a savings promotion raffle;

24                           (ii)       Is a member in good standing;

25                           (iii)       Is an adult; and

26                           (iv)       Is a resident of this State.

27                   (3)       “Qualifying share certificate account” means a savings account,  
 28 savings program, or other time deposit offered to an eligible credit union member ~~for a~~  
 29 ~~savings promotion raffle.~~

1 (4) "Savings promotion raffle" means a ~~prize-linked savings product~~  
2 ~~offered by a participating credit union to an eligible credit union member~~ **CONTEST:**

3 **(I) ASSOCIATED WITH ONE OR MORE QUALIFIED SHARE**  
4 **CERTIFICATE ACCOUNTS;**

5 **(II) CONDUCTED BY A CREDIT UNION, ALONE OR TOGETHER**  
6 **WITH OTHER BUSINESSES; AND**

7 **(III) IN WHICH ELIGIBLE CREDIT UNION MEMBERS ARE**  
8 **OFFERED ONE OR MORE CHANCES TO WIN SPECIFIED PRIZES.**

9 (b) Subject to the approval of the Commissioner, a credit union may conduct  
10 a savings promotion raffle for the exclusive benefit of eligible credit union members if:

11 (1) ~~The sole consideration required~~ **A REQUIREMENT** for a chance to  
12 win a specified prize is ~~the~~:

13 **1. THE** deposit of a minimum specified amount of money  
14 in a qualifying share certificate account **ACCORDING TO THE TERMS AND**  
15 **CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION RAFFLE; OR**

16 **2. THE SUBMISSION OF AN ENTRY ACCORDING TO**  
17 **THE TERMS AND CONDITIONS DEVELOPED FOR THE SAVINGS PROMOTION**  
18 **RAFFLE WITH NO DEPOSIT OR PURCHASE NECESSARY;**

19 (2) Each ~~ticket or~~ entry in the savings promotion raffle has an equal  
20 chance of being drawn;

21 (3) The credit union maintains books and records relating to the  
22 savings promotion raffle; and

23 (4) The savings promotion raffle will not:

24 (i) Harm the credit union's ability to operate in a safe and  
25 sound manner; or

26 (ii) Mislead the credit union's members.

27 **(C) A CREDIT UNION OFFERING A SAVINGS PROMOTION RAFFLE UNDER**  
28 **THIS SECTION SHALL POST IN ANY LOCATION WHERE ENTRIES MAY BE**  
29 **SUBMITTED AND DISCLOSE IN ANY MATERIALS PROMOTING THE RAFFLE A**  
30 **STATEMENT DESCRIBING THE TERMS AND CONDITIONS OF THE RAFFLE**  
31 **INCLUDING THAT:**

- 1                   **(1) NO PURCHASE IS NECESSARY;**
- 2                   **(2) MAKING DEPOSITS OR PURCHASING GOODS OR SERVICES**
- 3 **WILL NOT IMPROVE THE ODDS OF WINNING; AND**
- 4                   **(3) THE ODDS OF WINNING WILL BE DETERMINED BASED ON THE**
- 5 **NUMBER OF ENTRIES RECEIVED.**

6           ~~(D)~~ **(D)**           The Commissioner may:

- 7                   (1)   Examine the conduct of a savings promotion raffle; and
- 8                   (2)   Issue a cease and desist order under § 6-906 of this title for a
- 9 violation of this section.

10           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

11 June 1, 2012.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.