

SENATE BILL 515

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5lr2013
CF HB 558

By: ~~Senator Klausmeier~~ **Senators Klausmeier, Middleton, Astle, Benson, Feldman,
Hershey, Jennings, Kelley, Mathias, Pugh, and Reilly**

Introduced and read first time: February 6, 2015

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 6, 2015

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions – Depository Institutions – Savings Promotion Raffles**

3 FOR the purpose of altering the circumstances under which certain depository institutions
4 may conduct a savings promotion raffle; repealing a requirement that a depository
5 institution that offers a savings promotion raffle must post in certain locations and
6 disclose in certain materials a certain statement describing the terms and conditions
7 of the savings promotion raffle; repealing a requirement that a savings promotion
8 raffle conducted by a banking institution must be approved by the Commissioner of
9 Financial Regulation; repealing certain provisions of law relating to savings
10 promotion raffles conducted by State-chartered credit unions made unnecessary by
11 certain provisions of this Act; altering certain definitions; making certain conforming
12 changes; and generally relating to savings promotion raffles conducted by depository
13 institutions.

14 BY repealing and reenacting, with amendments,
15 Article – Commercial Law
16 Section 13–305(a)
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2014 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Criminal Law
21 Section 12–106(c)
22 Annotated Code of Maryland

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 (2012 Replacement Volume and 2014 Supplement)

2 BY repealing and reenacting, without amendments,
3 Article – Financial Institutions
4 Section 1–101(a) and (i)
5 Annotated Code of Maryland
6 (2011 Replacement Volume and 2014 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article – Financial Institutions
9 Section 1–211
10 Annotated Code of Maryland
11 (2011 Replacement Volume and 2014 Supplement)

12 BY repealing
13 Article – Financial Institutions
14 Section 6–716
15 Annotated Code of Maryland
16 (2011 Replacement Volume and 2014 Supplement)

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

19 **Article – Commercial Law**

20 13–305.

21 (a) This section does not apply to:

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

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

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

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

30 (5) A savings promotion raffle conducted by a [credit union under § 6–716
31 of the Financial Institutions Article or by a] depository institution under § 1–211 of the
32 Financial Institutions Article.

33 **Article – Criminal Law**

1 12–106.

2 (c) [(1) Notwithstanding any other provision of this article, a credit union
3 organized under Title 6 of the Financial Institutions Article may conduct a savings
4 promotion raffle under § 6–716 of the Financial Institutions Article.

5 (2)] Notwithstanding any other provision of this article, a depository
6 institution, as defined in § 1–211 of the Financial Institutions Article, may conduct a
7 savings promotion raffle under § 1–211 of the Financial Institutions Article.

8 Article – Financial Institutions

9 1–101.

10 (a) In this article, unless the context clearly requires otherwise, the following
11 words have the meanings indicated.

12 (i) “Financial institution” means any financial institution of the type supervised
13 under this article, whether or not State–chartered.

14 1–211.

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

16 (2) “Depository institution” means [any State–chartered or federally
17 chartered financial institution, other–state bank, or foreign bank] A FINANCIAL
18 INSTITUTION that:

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

20 (ii) Is authorized to maintain qualifying [deposit] accounts.

21 (3) “Eligible customer” means an individual who:

22 (I) MAINTAINS A QUALIFYING ACCOUNT AT A DEPOSITORY
23 INSTITUTION;

24 [(i)] (II) Is an adult; and

25 [(ii)] (III) Is a resident of this State.

26 (4) “Qualifying [deposit] account” means a savings account, SHARE
27 ACCOUNT, OR OTHER savings PRODUCT OR program[, or other time deposit offered to an
28 eligible customer]:

29 (I) OFFERED BY A DEPOSITORY INSTITUTION;

1 **(II) INSURED BY THE FEDERAL DEPOSIT INSURANCE**
2 **CORPORATION, THE NATIONAL CREDIT UNION ADMINISTRATION, OR A CREDIT**
3 **UNION SHARE GUARANTY CORPORATION THAT IS APPROVED BY THE**
4 **COMMISSIONER; AND**

5 **(III) THROUGH WHICH ELIGIBLE CUSTOMERS MAY OBTAIN**
6 **CHANCES TO WIN PRIZES IN A SAVINGS PROMOTION RAFFLE.**

7 (5) “Savings promotion raffle” means a contest **IN WHICH:**

8 **[(i) Associated with one or more qualified deposit accounts;**

9 **(ii) Conducted by a depository institution, alone or together with**
10 **other businesses; and**

11 **(iii) In which eligible customers are offered one or more chances to**
12 **win specified prizes.]**

13 **(I) THE SOLE CONSIDERATION REQUIRED FOR A CHANCE OF**
14 **WINNING DESIGNATED PRIZES IS OBTAINED BY THE DEPOSIT OF A SPECIFIED**
15 **AMOUNT OF MONEY IN A QUALIFYING ACCOUNT; AND**

16 **(II) EACH TICKET OR ENTRY HAS AN EQUAL CHANCE OF BEING**
17 **DRAWN.**

18 (b) **[(1)] A depository institution may conduct a savings promotion raffle FOR**
19 **THE EXCLUSIVE BENEFIT OF ELIGIBLE CUSTOMERS if:**

20 **[(i) A requirement for a chance to win a specified prize is:**

21 1. The deposit of a minimum specified amount of money in a
22 qualifying deposit account according to the terms and conditions developed for the savings
23 promotion raffle; or

24 2. The submission of any entry according to the terms and
25 conditions developed for the savings promotion raffle with no deposit or purchase
26 necessary;

27 **(ii) Each entry in the savings promotion raffle has an equal chance**
28 **of being drawn;**

29 **(iii)] (1) The depository institution maintains books and records**
30 **relating to the savings promotion raffle; and**

1 (3) “Qualifying share certificate account” means a savings account, savings
2 program, or other time deposit offered to an eligible credit union member.

3 (4) “Savings promotion raffle” means a contest:

4 (i) Associated with one or more qualified share certificate accounts;

5 (ii) Conducted by a credit union, alone or together with other
6 businesses; and

7 (iii) In which eligible credit union members are offered one or more
8 chances to win specified prizes.

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

11 (1) A requirement for a chance to win a specified prize is:

12 (i) The deposit of a minimum specified amount of money in a
13 qualifying share certificate account according to the terms and conditions developed for the
14 savings promotion raffle; or

15 (ii) The submission of an entry according to the terms and conditions
16 developed for the savings promotion raffle with no deposit or purchase necessary;

17 (2) Each entry in the savings promotion raffle has an equal chance of being
18 drawn;

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

21 (4) The savings promotion raffle will not:

22 (i) Harm the credit union’s ability to operate in a safe and sound
23 manner; or

24 (ii) Mislead the credit union’s members.

25 (c) A credit union offering a savings promotion raffle under this section shall post
26 in any location where entries may be submitted and disclose in any materials promoting
27 the raffle a statement describing the terms and conditions of the raffle including that:

28 (1) No purchase is necessary;

29 (2) Making deposits or purchasing goods or services will not improve the
30 odds of winning; and

1 (3) The odds of winning will be determined based on the number of entries
2 received.

3 (d) The Commissioner may:

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

5 (2) Issue a cease and desist order under § 6–906 of this title for a violation
6 of this section.]

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
8 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.