

HOUSE BILL 804

I1, I3

2lr1499
CF SB 252

By: **Delegates Queen and Hill**

Introduced and read first time: February 3, 2022

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2022

CHAPTER _____

1 AN ACT concerning

2 **Commissioner of Financial Regulation – Enhanced Consumer Protections and**
3 **Enforcement Tools**

4 FOR the purpose of prohibiting a regulated person from performing acts that are
5 anticompetitive, unfair, deceptive, abusive, or injurious to the public interest;
6 authorizing the Commissioner of Financial Regulation to issue orders requiring the
7 correction of a violation of law subject to the jurisdiction of the Commissioner,
8 including the restitution of money or property; providing for certain information
9 sharing by the Commissioner involving entities engaging in activity subject to a
10 provision of law, regulation, rule, or order over which the Commissioner has
11 jurisdiction, including with other relevant governmental entities; and generally
12 relating to enforcement authority of the Commissioner of Financial Regulation.

13 BY repealing and reenacting, with amendments,
14 Article – Financial Institutions
15 Section 2–113(d), 2–115(b), and 2–117(a) through (e) and (h)
16 Annotated Code of Maryland
17 (2020 Replacement Volume and 2021 Supplement)

18 BY adding to
19 Article – Financial Institutions
20 Section 2–113.1
21 Annotated Code of Maryland
22 (2020 Replacement Volume and 2021 Supplement)

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

3 **Article – Financial Institutions**

4 2–113.

5 (d) Except as provided in [§ 2–117] §§ 2–113.1 AND 2–117 of this subtitle, the
6 provisions of §§ 2–114 through 2–117, inclusive, of this subtitle do not apply to:

7 (1) Any bank, trust company, savings bank, savings and loan association,
8 or credit union incorporated or chartered under the laws of this State or the United States
9 that maintains its principal office in this State;

10 (2) Any out-of-state bank, as defined in § 5–1001 of this article, having a
11 branch that accepts deposits in this State;

12 (3) Any institution incorporated under federal law as a savings association
13 or savings bank that does not maintain its principal office in this State but has a branch
14 that accepts deposits in this State; or

15 (4) An affiliate of an institution described in item (1), (2), or (3) of this
16 subsection over which the Commissioner has no jurisdiction.

17 **2–113.1.**

18 (A) A REGULATED PERSON, AS DEFINED IN § 2–117 OF THIS SUBTITLE, MAY
19 NOT:

20 (1) ISSUE AN ADVERTISEMENT OR MAKE A REPRESENTATION THAT IS
21 FALSE, MISLEADING, OR DECEPTIVE;

22 (2) IMPOSE, AS A CONDITION FOR A LOAN, A RESTRICTION ON
23 OBTAINING CREDIT, PROPERTY, OR SERVICE FROM A COMPETITOR UNLESS THE
24 RESTRICTION IS REASONABLY NECESSARY TO SECURE THE LOAN;

25 (3) IMPOSE, AS A CONDITION FOR A SERVICE, A RESTRICTION ON
26 OBTAINING CREDIT, PROPERTY, OR SERVICE FROM A COMPETITOR; OR

27 (4) ENGAGE IN AN ACT OR A PRACTICE THAT IS ANTICOMPETITIVE,
28 UNFAIR, DECEPTIVE, ABUSIVE, OR INJURIOUS TO THE PUBLIC INTEREST.

29 (B) THE COMMISSIONER MAY FURTHER DEFINE SPECIFIC ACTS OR
30 PRACTICES THAT ARE ANTICOMPETITIVE, UNFAIR, DECEPTIVE, ABUSIVE, OR
31 INJURIOUS TO THE PUBLIC INTEREST.

1 (C) NOTWITHSTANDING § 2-113(D) OF THIS SUBTITLE, A FINANCIAL
2 INSTITUTION OR A SUBSIDIARY OR AN AFFILIATE OF A FINANCIAL INSTITUTION IS
3 SUBJECT TO THIS SECTION WHENEVER THE FINANCIAL INSTITUTION OR
4 SUBSIDIARY OR AFFILIATE ENGAGES IN ACTIVITY:

5 (1) FOR WHICH IT MAINTAINS OR IS REQUIRED TO MAINTAIN A
6 LICENSE OR REGISTRATION ISSUED BY THE COMMISSIONER OR THE STATE
7 COLLECTION AGENCY LICENSING BOARD; OR

8 (2) SUBJECT TO A PROVISION OF LAW, REGULATION, RULE, OR
9 ORDER OVER WHICH THE COMMISSIONER HAS JURISDICTION, OTHER THAN
10 ACTIVITY SUBJECT TO ANY OF TITLES 3 THROUGH 9 OF THIS ARTICLE.

11 2-115.

12 (b) When the Commissioner determines after notice and a hearing, unless the
13 right to notice and a hearing is waived, that a person has engaged in an act or practice
14 constituting a violation of a law, regulation, rule, or order over which the Commissioner
15 has jurisdiction, the Commissioner may in the Commissioner's discretion and in addition
16 to taking any other action authorized by law:

17 (1) Issue a final cease and desist order against the person;

18 (2) Suspend or revoke the license of the person;

19 (3) Issue a penalty order against the person imposing a civil penalty not
20 exceeding:

21 (i) \$10,000 for a first violation; and

22 (ii) \$25,000 for each subsequent violation; [or]

23 (4) **ISSUE AN ORDER AGAINST THE PERSON REQUIRING THE PERSON**
24 **TO TAKE AFFIRMATIVE ACTION TO CORRECT THE VIOLATION, INCLUDING MAKING**
25 **RESTITUTION TO ANY PERSON AGGRIEVED BY THE VIOLATION; OR**

26 (5) Take any combination of the actions specified in this subsection.

27 2-117.

28 (a) In this section, ["licensed] **"REGULATED person"** means:

29 (1) A person required to be licensed **OR REGISTERED** under this article,
30 whether or not the person maintains a license **OR REGISTRATION**; [and]

1 (2) A collection agency required to be licensed under the Business
2 Regulation Article, whether or not the collection agency maintains a license;

3 (3) **A PERSON REQUIRED TO BE LICENSED BY OR REGISTERED WITH**
4 **THE COMMISSIONER UNDER APPLICABLE PROVISIONS OF THE COMMERCIAL LAW**
5 **ARTICLE, WHETHER OR NOT THE PERSON MAINTAINS A LICENSE OR REGISTRATION;**
6 **OR**

7 (4) **A PERSON OTHERWISE ENGAGING IN ACTIVITY SUBJECT TO A**
8 **PROVISION OF LAW, REGULATION, RULE, OR ORDER OVER WHICH THE**
9 **COMMISSIONER HAS JURISDICTION.**

10 (b) This section does not apply to:

11 (1) Information relating to publicly adjudicated disciplinary or
12 enforcement actions against a **[licensed] REGULATED** person; or

13 (2) Information or material provided to **[the Nationwide Mortgage**
14 **Licensing System and Registry under Title 11, Subtitle 5 or 6 of this article] NMLS.**

15 (c) Except as otherwise provided in this article, a person, including the
16 Commissioner and an employee of and the attorney for the Commissioner's office, may not
17 disclose any information obtained or generated in the course of exercising the
18 Commissioner's authority to examine **[licensed] REGULATED** persons.

19 (d) The Commissioner and an employee of and the attorney for the
20 Commissioner's office may disclose the information described in subsection (c) of this
21 section:

22 (1) If performing a public duty to report on or take special action relating
23 to a **[licensed] REGULATED** person;

24 (2) If testifying as a witness in a criminal proceeding;

25 (3) If informing a director, officer, member, partner, employee, or agent of
26 a **[licensed] REGULATED** person of the results of an examination;

27 (4) If providing information to any state or federal agency having
28 supervisory authority over the **[licensed] REGULATED** person; and

29 (5) If entering information into evidence under seal in a public enforcement
30 hearing.

31 (e) Subject to subsections (f), (g), and (l) of this section, and notwithstanding any
32 other provision of State **OR FEDERAL** law, the Commissioner may:

1 (1) Enter into information sharing agreements with any federal or state
2 regulatory agency having authority over [licensed] **REGULATED** persons or with any
3 federal or state law enforcement agency, including the Office of Foreign Assets Control, and
4 any successor to these agencies, and any agency of a foreign country with primary
5 responsibility for regulating [licensed] **REGULATED** persons, [provided that] **IF** the
6 agreements prohibit the agencies from disclosing any shared information about a [licensed]
7 **REGULATED** person without the prior written consent from the Commissioner regarding
8 disclosure of the particular information; and

9 (2) Exchange information about a [licensed] **REGULATED** person,
10 including information obtained or generated during an examination, with any federal or
11 other state's regulatory agency having authority over the [licensed] **REGULATED** person
12 or with any federal or state law enforcement agency, including the Office of Foreign Assets
13 Control, and any successor to these agencies, and any agency of a foreign country with
14 primary responsibility for regulating [licensed] **REGULATED** persons.

15 (h) Notwithstanding § 2–113(d) of this subtitle, [an affiliate as defined in §
16 2–113(a) of this subtitle] **A FINANCIAL INSTITUTION OR A SUBSIDIARY OR AN**
17 **AFFILIATE OF A FINANCIAL INSTITUTION** is subject to this section [if that affiliate
18 maintains or is required to maintain a license issued by the Commissioner or the State
19 Collection Agency Licensing Board] **WHENEVER THE FINANCIAL INSTITUTION OR**
20 **SUBSIDIARY OR AFFILIATE ENGAGES IN ACTIVITY:**

21 **(1) FOR WHICH IT MAINTAINS OR IS REQUIRED TO MAINTAIN A**
22 **LICENSE OR REGISTRATION ISSUED BY THE COMMISSIONER OR THE STATE**
23 **COLLECTION AGENCY LICENSING BOARD; OR**

24 **(2) SUBJECT TO A PROVISION OF LAW, REGULATION, RULE, OR**
25 **ORDER OVER WHICH THE COMMISSIONER HAS JURISDICTION, OTHER THAN**
26 **ACTIVITY SUBJECT TO ANY OF TITLES 3 THROUGH 9 OF THIS ARTICLE.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2022.