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STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

WRITER'S DIRECT DIAL NO.

(410) 576-6307

March 11, 2009

The Honorable Dereck E. Davis
Chairman
House Economic Matters Committee
231 House Office Building
Annapolis, MD 21401-1991

Re: House Bill 1292 - Consumer Protection - Blacklist Prevention

Dear Chairman Davis:

I am writing to express the support of the Consumer Protection Division of the Office of the Attorney General for House Bill 1292, sponsored by Delegates Ali, Frick, Rudolph, Taylor, and Vaughn, which would prohibit credit card companies and other businesses from including or enforcing a clause in a consumer contract that would allow the credit card company or business to take certain actions against the consumer based upon where the consumer shops or the consumer's mortgage company.

For too long, credit card companies have been able to unilaterally take actions that negatively impact consumers based upon criteria that have nothing to do with the consumer's own payment history with that credit card company. Some of these practices include imposing mandatory arbitration upon consumers and raising consumers' interest rates based upon "universal default clauses" because the consumer may have made a late payment to a wholly-unrelated credit card company. Recently, it has been reported that credit card companies have raised consumers' interest rates or reduced their credit limits based solely upon the fact that other unrelated consumers who shop at certain stores or who have obtained mortgages from certain companies may have defaulted on their credit cards.

As a result of concerns about these and other practices, Attorney General Gansler recently joined 50 other Attorneys General in a letter to the Obama Administration asking the President to reverse the policies of the Office of the Comptroller of the Currency and Office of Thrift Supervision that prevent states like Maryland from taking actions to address egregious practices by national banks that are harming Maryland citizens. A copy of the letter is attached.

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Consumer Complaints and Inquiries (410) 528-8662 ❖ Health Advocacy Unit/Billing Complaints (410) 528-1840

Health Advocacy Unit Toll Free (877) 261-8807 ❖ Homebuilders Division Toll Free (877) 259-4525 ❖ Telephone for Deaf (410) 576-6372

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Accordingly, the Consumer Protection Division requests that the Economic Matters Committee give House Bill 1292 a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "S. M. Sakamoto-Wengel".

Steven M. Sakamoto-Wengel

Assistant Attorney General

cc: Members, Economic Matters Committee
The Honorable Saqib Ali
The Honorable C. William Frick
The Honorable David D. Rudolph
The Honorable Herman L. Taylor, Jr.
The Honorable Michael L. Vaughn