

**Testimony of  
Chairman Gary Gensler  
Maryland Financial Consumer Protection Commission  
*In Support of House Bill 1634***

**Maryland House of Delegates Economic Matters Committee  
February 16, 2018**

Good afternoon Chairman Davis, Vice Chair Jameson and members of the House Economic Matters Committee.

Thank you for inviting me to today's hearing on HB 1634, the Financial Consumer Protection Act of 2018.

This legislation comes about as Marylanders face a retrenchment at the federal level of much needed financial consumer protections. While Maryland's laws and regulations generally provide strong consumer protections, and many systemic safeguards can only be addressed in Washington, the General Assembly can act to fill new gaps in consumer protection.

Last year, you established the Maryland Financial Consumer Protection Commission to watch out for the consumer and financial protections of everyday Marylanders. I have been honored to chair this 13-member commission. We held a number of public hearings and heard from many expert witnesses.

At a time of partisanship in Washington, our Commission, representing a wide range of views, was able to come together unanimously and make a series of recommendations for action to better safeguard Maryland consumers.

I wish to thank two of your members, Delegates Frick and Aumann, for their excellent service on the Commission and for sponsoring HB 1634.

In light of the retrenchment at the federal level, the Commission recommended that Maryland take the following steps, as included in HB 1634:

- Filling gaps and eliminating loopholes in Maryland's current payday and consumer lending statutes.
- Cracking down on abusive practices under the Maryland Consumer Protections Act and related laws.
- Updating civil penalties for violations of Maryland consumer protection laws and financial licensing and regulatory laws – last updated decades ago.
- Expand Violations of MCPA to Include Violations of the Military Lending Act and Servicemembers Civil Relief Act.

- Provide \$1.2 million additional funding for the Office of the Commissioner of Financial Regulation & the Attorney General to pursue consumer protection actions.
- Requiring credit reporting agencies such as Equifax to alert consumers of data breaches promptly, and to provide free credit freezes.
- Requiring student loan servicing company to register with the Commissioner of Financial Regulation and creating a student loan ombudsman to protect student loan recipients.
- Adopting additional new financial consumer protection laws to backfill where federal regulators may be stepping back; such as:
  - extending the fiduciary duty standard to all financial professionals providing investment advice;
  - adopting the Model State Consumer and Employee Justice Enforcement Act that addresses forced arbitration clauses;
  - ensuring that the definition “mortgage loan originator” includes retailers of manufactured homes.

Our Commission also called for further study, along with the Commissioner of Financial Regulation on statutory updates to ensure that Fintech firms are covered by Maryland consumer laws and regulatory protections, and that dealers in cryptocurrencies, such as Bitcoin, be licensed.

I thank you for seriously considering these recommendations and look forward to your questions.