

**Testimony
of
Chairman Gary Gensler
Maryland Financial Consumer Protection Commission
In Support of Senate Bill 1068**

**Maryland Senate Finance Committee
February 21, 2018**

Good afternoon Chairman Middleton, Vice Chair Astle and members of the Senate Finance Committee.

Thank you for inviting me to today's hearing on SB 1068, 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, Senators Rosapepe and Benson, for their excellent service on the Commission and for sponsoring SB 1068.

In light of the retrenchment at the federal level, the Commission recommended that Maryland take the following steps, as included in SB 1068:

- 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.

As I close, I want to address to whom this all matters. It matters to any Marylander saving for retirement or trying to secure a mortgage. It matters to Maryland’s millennials dealing with their student debts. It matters to any Marylander whose data has been the subject of a cyber-attack. It matters to members of the military and their families who have been subject to violations under federal law. It’s a good set of additional consumer protections that will not only help Marylanders in their everyday lives, but further project confidence in Maryland’s financial system.

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