



**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

ADVISORY



April 30, 2020

**CARES ACT RELIEF PAYMENTS
COVID-19 PANDEMIC GUIDANCE**

On March 21, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Pursuant to Section 2201 of the CARES Act, the U.S. Treasury has started sending and will send, over the course of the coming weeks, certain pandemic relief payments (the “Relief Payments”) to Maryland taxpayers. The Relief Payments will take the form of direct deposits to taxpayers’ accounts and by means of physical checks from the U.S. Treasury that are mailed to taxpayers. The Relief Payments are intended to provide Maryland taxpayers with assistance, in the way of direct cash payments, in meeting their immediate expenses for items such as food and health care items and services.

On April 29, 2020 Governor Hogan issued Executive Order 20-04-29-03 entitled “Prohibiting Garnishment of CARES Act Recovery Rebates” (the “Governor’s Order”). The Governor’s Order can be found at this link:

<https://governor.maryland.gov/wp-content/uploads/2020/04/Garnishments-4.29.20.pdf>

This Advisory contains guidance from the Commissioner of Financial Regulation (“Commissioner”) regarding the processing of Relief Payments by Maryland-chartered banks (“Banks”) and credit unions (“Credit Unions”) during the COVID-19 pandemic in light of the Governor’s Order.

Direct Deposit Payments

The direct deposit payments to taxpayers’ accounts are not subject to any federal withholding other than for the taxpayer’s outstanding child support obligations and, as a result of the Governor’s Order, such payments are exempt from Maryland laws on garnishment and set-off. Consequently, the Commissioner is strongly urging Maryland-chartered financial institutions to immediately review their processes and automated system settings to ensure that they do not, whether intentionally or inadvertently, intercept, hold or set-off against the Relief Payments in order to permit those funds to be

used by Maryland taxpayers for the intended purposes. All Federally chartered institutions operating in Maryland should also review their processes as outlined in this Advisory and contact their federal regulatory authority or the Maryland Commissioner of Financial Regulation if further guidance is needed. It should be noted that the Commissioner will not consider an institution to have violated the Governor's Order if the institution subjected a Relief Payment or any portion thereof to a garnishment or set-off, or sent funds to a judgement creditor pursuant to writs of garnishment issued prior to the Governor's Order if the institution had not received notice of the Governor's Order and had a reasonable opportunity to act upon such notice prior to undertaking such actions. In the event that such circumstances have occurred, institutions should endeavor to unencumber or retrieve the funds in order to permit those funds to be remitted to the intended recipient so that they can be used for their intended purposes.

Finally, institutions should be aware that Maryland's Attorney General is advising that any entity or individual seeking to engage in collection efforts against CARES Act Relief Payments in violation of the Executive Order would be doing so in violation of Maryland's Debt Collection Practices Act, Md. Code Ann, Com. Law §§ 14-201, et seq. and Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101, et seq., and be subject to enforcement and the penalties as provided in those statutes.

Cashing of Treasury Checks

The U.S. Treasury will send Relief Payments in the form of U.S. Treasury checks to taxpayers for whom the U.S. Government does not have direct deposit information, as many of those taxpayers may not have an account at a financial institution. Millions of individuals are slated to receive their payments via such checks. The Commissioner is encouraging all Maryland-chartered financial institutions to cash the Relief Payment checks for their customers and non-customers alike and to do so without charging consumers any fees.

The U.S. Secret Service and U.S. Department of Treasury have issued guidance to help institutions detect counterfeit U.S. Treasury Relief Payment checks. In an effort to combat fraud, Treasury and Secret Service issued a document that highlights Treasury check security features and provides a link to a check verification application. The document can be accessed here:

<https://www.secretservice.gov/data/press/releases/2020/20-APR/Check-Security-Features-for-Economic-Impact-Payments.pdf>.



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