which may be imposed.

First, the creation of a separate category for secured open-end credit plans where the collateral is a cash deposit is without merit. The fact that the secured amount would be forfeitable satisfies the current definition and intent of a secured credit account, which Senate Bill 861 does not repeal. Clearly the absence of the risk of default to the credit grantor under the proposed credit arrangement is compatible with the current prohibition on the imposition and retention of any additional fees.

Second, the proposed secured open-end credit arrangement embodied in Senate Bill 861 would eliminate the current distinction between offering secured or unsecured credit to consumers, except of course, the requirement that consumers provide collateral in the form of a cash deposit. In both cases, any or all three of the additional fees could be imposed. However, this new credit arrangement seems more analogous to the special category referred to above where only a single additional fee may now be imposed when the credit grantor is also a seller of goods or services. In each instance an additional profit mechanism is present: a seller of goods receives, in addition to interest, the profit from sales; and a bank, for example, uses the secured deposit for lending or investment purposes to generate additional profit, in addition to interest charges received.

Another possible consequence, perhaps unintended, which could occur under Senate bill 861 is that credit grantors that are currently limited to a single additional fee on open-end credit accounts could secure either directly or indirectly some or all of these accounts and avail themselves of all three additional fees. Clearly, this would circumvent the intent and reasoning underlying the restriction presently in Maryland law.

In my view, the discretion to impose all three of these additional fees, as proposed in this legislation, is unnecessary as well as excessive.

Furthermore, important consumer protection features are either omitted or not clearly stated in the bill. Senate Bill 861 provides that the deposited security earn "not less than the highest interest rate allowed by applicable State or federal law if this rate is stated" (emphasis supplied). The Attorney General has advised me that the quoted language is ambiguous. It is unclear whether the word "stated" applies to State or federal law or to the depositor's agreement. This leaves it uncertain whether any interest need be paid at all to Maryland credit card account holders on their deposits or savings accounts used to secure their credit plans. Notwithstanding the interpretive ambiguity identified by the Attorney General, the expiration of certain federal interest rate requirements in 1986 makes clarity on this issue all the more important.