



## Press Release

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### **ADVISORY: Stimulus Payments Provided by CARES Act Cannot Be Seized by Debt Collectors or Creditors**

**BALTIMORE, MD (April 30, 2020)** - Maryland Attorney General Brian E. Frosh today issued an Advisory about stimulus payments being issued to Maryland residents as part of the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. On April 29, 2020, the Governor issued [Executive Order 20-04-29-03](#) prohibiting financial institutions from garnishing this financial assistance, except as related to child support.

The CARES Act provides cash assistance to individuals and families subject to certain eligibility criteria. Specifically, the Act provides for a one-time cash payment in the form of a refundable tax credit in the amount of \$1,200 for each eligible individual and \$2,400 for eligible individuals filing a joint return, plus an additional \$500 for each dependent child. Individuals with higher incomes will receive a smaller payment or no payment.

The payments under the CARES Act are intended to be emergency support for the basic needs of tens of millions of Americans, such as paying for rent, mortgages, and food. Therefore, the CARES Act exempts the stimulus payments from collection for debts owed to state and federal governments.

The Governor's Executive Order also prohibits garnishment of the payments (except as related to child support) and prohibits Maryland banks and credit unions from using stimulus payments to offset debts. The stimulus payments are to be treated as protected payments, similar to other benefit payments provided to Maryland residents for essential needs.

Violations of the Executive Order are a violation of Maryland's Debt Collection Practices Act and Consumer Protection Act and are subject to enforcement and penalties. Under the Maryland Debt Collection Practices Act, it is illegal for a person collecting a consumer debt to "[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist." The Consumer Protection Act also prohibits any unfair, abusive, or deceptive practices in the collection of consumer debts. A person violating the Consumer Protection Act is subject to paying injunctive relief, restitution, and civil penalties of up to \$10,000.00 per violation.