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## **TESTIMONY IN SUPPORT OF HB 419**

TO: Hon. C.T. Wilson, Chair, and members of the House Economic Matters Committee

FROM: Caralea J. Grant, Esq. and Brian J. Markovitz, Esq. of  
Joseph, Greenwald & Laake, P.A.

DATE: February 12, 2024

Chairman Wilson and members of the Committee, my name is Caralea Grant and I am a litigation attorney at Joseph, Greenwald & Laake, P.A. in Greenbelt, Maryland. I and my firm represent employees and consumers all over the State of Maryland, and elsewhere throughout the “DMV” in various matters. I come before the Committee in support of HB 419, respectfully seeking that the Committee take an important step with respect to tipping to support both employee and consumer rights in Maryland.

HB 419 promises to strengthen both employee rights and consumer protection. HB 419 does this by requiring many point-of-sale businesses to disclose to whom a tip will be allocated if consumers wish to leave a tip to employees of the business. Therefore, by requiring this notification, HB 419 makes it extremely difficult for an employer to successfully argue that they have acted in good faith should the tips allocated by consumers fail to actually make their way into the employees’ wallets and bank accounts.

This simple notification strengthens employee rights in cases of unpaid wages under Section 3-507(b) of the Maryland Wage Payment and Collection Law because withholding wages from an employee without a “good faith, bona fide dispute” often results in the employee being awarded an amount up to three times their wages in addition to other fees and costs. Therefore, informing the consumer in this way as to where the tips are going acts as deterrent for unscrupulous employers who are keeping the tips for themselves.

In addition to protecting workers, HB 419 enhances consumer rights because informing consumers that their hard-earned money is going to workers when it really is going to the employer is very likely fraud under the Maryland Consumer Protection Act. Under Maryland Code, a trade practice may be unfair, abusive, or deceptive if it includes: “(9) Deception, fraud, false pretense, false premise, misrepresentation, or knowing concealment, suppression or omission of any material fact with the intent that a consumer rely on the same...” Md. Code Com. Law § 13-301(9). We believe that a business’ promise to provide tips to certain workers and subsequent failure to do so after making such representations to consumers fits squarely within the definition of an unfair, abusive, or deceptive trade practice. As such, HB 419 helps



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clarify and encourage truthful business practices by strengthening Maryland law and providing a mechanism by which consumers could ensure that their tips are received by those who they were intended to benefit.

HB 419 supports businesses that are honest and play by the rules and is a simple fix to a larger problem. For these reasons, my firm and I therefore urge a favorable report for HB 419.