STATE OF NEW YORK

1055--C

Cal. No. 108

2009-2010 Regular Sessions

IN SENATE

January 22, 2009

Introduced by Sens. MAZIARZ, BONACIC, FLANAGAN, FUSCHILLO, O. JOHNSON, PADAVAN, RANZENHOFER, SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Banks in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the banking law, in relation to preauthorized electronic fund transfers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 9-s of the banking law, as added by chapter 550 of the laws of 1998, is amended to read as follows:

S 9-s. Preauthorized electronic fund transfers. 1. Every banking institution which provides preauthorized electronic fund transfers from consumer accounts shall, in accordance with regulations adopted by the banking board, provide consumers with the right to stop payment by giving written or oral notice within a specified period of time prior to such transfer. [Any banking institution which complies with the stop payment provisions of the federal Electronic Funds Transfer Act, as such act may be amended from time to time, and any regulations adopted pursuant thereto, shall be deemed to be in compliance with the provisions of this section.] For purposes of this section, "banking institution" shall mean any state or federally chartered bank, trust company, savings bank, savings and loan association or credit union, and "consumer account" shall mean an account used primarily for personal, family or household purposes.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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2. NO AGREEMENT FOR PREAUTHORIZED ELECTRONIC FUND TRANSFERS ENTERED INTO ON OR AFTER JANUARY FIRST, TWO THOUSAND ELEVEN SHALL PERMIT OR REQUIRE THE TRANSFER FROM A CONSUMER ACCOUNT OF ANY FUNDS AS A PENALTY OR A FINAL PAYMENT AFTER THE CONSUMER HAS GIVEN WRITTEN OR ORAL NOTICE TO STOP PAYMENT TO HIS OR HER FINANCIAL INSTITUTION.

3. ANY BANKING INSTITUTION WHICH COMPLIES WITH THE STOP PAYMENT PROVISIONS OF THE FEDERAL ELECTRONIC FUNDS TRANSFER ACT, AS SUCH ACT MAY BE AMENDED FROM TIME TO TIME, AND ANY REGULATIONS ADOPTED PURSUANT THERETO, SHALL BE DEEMED TO BE IN COMPLIANCE WITH THE PROVISIONS OF THIS SECTION.

S 2. This act shall take effect immediately.