S T A T E   O F   N E W   Y O R K

4607--A

2009-2010 Regular Sessions

I N S E N A T E

April 24, 2009

Introduced by Sens. ONORATO, BRESLIN, DILAN, HASSELL-THOMPSON, C. JOHNSON, KRUEGER, PARKER, PERKINS, SAMPSON, SCHNEIDERMAN, THOMPSON -- 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

AN ACT to amend the banking law, in relation to requiring the disclosure of the rights and liabilities of joint depositors

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

Section 1. Legislative findings. The legislature hereby finds that many consumers fail to fully comprehend the rights and liabilities they assume when they establish a bank account as joint tenants. For that reason, the legislature declares that the state banking department shall promulgate rules and regulations to provide for the full and public disclosure by banking institutions of such rights and liabilities at the opening of such an account.

S 2. Section 14-c of the banking law, as added by chapter 19 of the laws of 1978 and the opening paragraph of subdivision 1 as amended by chapter 9 of the laws of 1996, is amended to read as follows:

S 14-c. Power of the banking board to prescribe criteria for disclosure of information on savings, CHECKING, and time accounts. 1. The banking board shall promulgate rules and regulations with respect to the disclosure of information on savings, CHECKING, and time accounts by all banking organizations and out-of-state state banks authorized to operate and maintain branches pursuant to article five-C of this chapter. Such rules and regulations shall set forth guidelines for, but not be limited to the following:

(a) disclosure of the annual rate of simple interest; the effective annual yield; the formula used in calculating interest; the frequency of compounding and crediting of interest; date on which a deposit begins to earn interest; any delay in crediting a deposited instrument; grace

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

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periods for deposits and withdrawals; the minimum balance required to earn interest; the method of determining the balance on which interest is paid; the minimum length of time funds must remain on deposit to earn interest; any fees levied on inactive accounts; any charges, penalties or other conditions imposed upon withdrawals; any penalties for the closing of an account before a specific date; THE RIGHTS AND LIABILITIES OF DEPOSITORS OR SHAREHOLDERS OF ACCOUNTS HELD JOINTLY; and any other fees, charges or penalties.

(b) form, content and distribution of information PROVIDED, THAT WITH RESPECT TO ACCOUNTS HELD JOINTLY, SUCH INFORMATION SHALL INCLUDE, BUT NOT BE LIMITED TO, A ONE PAGE FORM IN BOLD PRINT DISTRIBUTED TO DEPOSITORS OR SHAREHOLDERS WHEN SUCH AN ACCOUNT IS OPENED, DETAILING THE RIGHTS AND LIABILITIES OF SUCH DEPOSITORS OR SHAREHOLDERS.

2. The banking board may alter or amend rules and regulations or promulgate additional rules and regulations as it deems necessary and proper to effectuate the provisions of subdivision one OF THIS SECTION.

S 3. This act shall take effect on the one hundred twentieth day after it shall have become a law, provided, however, that the banking board shall immediately promulgate such rules and regulations as are necessary so that the provisions of this act may be fully implemented on such date.