

2011-2012 Regular Sessions

I N S E N A T E

(PREFILED)

January 5, 2011

Introduced by Sens. MAZIARZ, BONACIC, FLANAGAN, FUSCHILLO, JOHNSON,
RANZENHOFER, SEWARD -- read twice and ordered printed, and when print-
ed to be committed to the Committee on Banks

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 ASSEM-
BLY, DO ENACT AS FOLLOWS:

- 1 Section 1. Section 9-s of the banking law, as added by chapter 550 of
2 the laws of 1998, is amended to read as follows:
3 S 9-s. Preauthorized electronic fund transfers. 1. Every banking
4 institution which provides preauthorized electronic fund transfers from
5 consumer accounts shall, in accordance with regulations adopted by the
6 banking board, provide consumers with the right to stop payment by
7 giving written or oral notice within a specified period of time prior to
8 such transfer. [Any banking institution which complies with the stop
9 payment provisions of the federal Electronic Funds Transfer Act, as such
10 act may be amended from time to time, and any regulations adopted pursu-
11 ant thereto, shall be deemed to be in compliance with the provisions of
12 this section.] For purposes of this section, "banking institution" shall
13 mean any state or federally chartered bank, trust company, savings bank,
14 savings and loan association or credit union, and "consumer account"
15 shall mean an account used primarily for personal, family or household
16 purposes.
17 2. NO AGREEMENT FOR PREAUTHORIZED ELECTRONIC FUND TRANSFERS ENTERED
18 INTO ON OR AFTER JANUARY FIRST, TWO THOUSAND TWELVE SHALL PERMIT OR
19 REQUIRE THE TRANSFER FROM A CONSUMER ACCOUNT OF ANY FUNDS AS A PENALTY
20 OR A FINAL PAYMENT AFTER THE CONSUMER HAS GIVEN WRITTEN OR ORAL NOTICE
21 TO STOP PAYMENT TO HIS OR HER FINANCIAL INSTITUTION.
22 3. ANY BANKING INSTITUTION WHICH COMPLIES WITH THE STOP PAYMENT
23 PROVISIONS OF THE FEDERAL ELECTRONIC FUNDS TRANSFER ACT, AS SUCH ACT MAY

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

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1 BE AMENDED FROM TIME TO TIME, AND ANY REGULATIONS ADOPTED PURSUANT THER-
2 ETO, SHALL BE DEEMED TO BE IN COMPLIANCE WITH THE PROVISIONS OF THIS
3 SECTION.
4 S 2. This act shall take effect immediately.