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

4431--A

2013-2014 Regular Sessions

I N A S S E M B L Y

February 5, 2013

Introduced by M. of A. RAIA, MONTESANO, STEVENSON, ROBERTS, GRAF, BORELLI, LALOR -- Multi-Sponsored by -- M. of A. KEARNS, McLAUGHLIN, TENNEY -- read once and referred 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 authorizing credit unions to conduct savings promotion prize giveaways

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

Section 1. The banking law is amended by adding a new section 9-v to read as follows:

S 9-V. SAVINGS PROMOTION PRIZE GIVEAWAY. A BANKING ORGANIZATION ORGANIZED UNDER OR SUBJECT TO THE PROVISIONS OF THIS CHAPTER MAY CONDUCT A SAVINGS PROMOTION IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.

1. DEFINITIONS. AS USED IN THIS SECTION THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

A. THE TERM "SAVINGS PROMOTION" MEANS A CONTEST OR PROMOTION SPONSORED BY A BANKING ORGANIZATION IN WHICH A CHANCE OF WINNING DESIGNATED PRIZES IS OBTAINED BY THE DEPOSIT OF A SPECIFIED AMOUNT OF MONEY IN A SAVINGS ACCOUNT, SHARE ACCOUNT, SHARE CERTIFICATE, OR OTHER SAVINGS PRODUCT OR PROGRAM.

B. THE TERM "QUALIFYING ACCOUNT" MEANS A SAVINGS ACCOUNT, SHARE ACCOUNT, SHARE CERTIFICATE, OR OTHER SAVINGS PRODUCT OR PROGRAM OFFERED BY A BANKING ORGANIZATION THROUGH WHICH DEPOSITORS MAY OBTAIN CHANCES TO WIN PRIZES IN A SAVINGS PROMOTION BY DEPOSITING SPECIFIED SUMS OF MONEY.

C. THE TERM "NON-QUALIFYING ACCOUNT" MEANS A SAVINGS ACCOUNT, SHARE ACCOUNT, CERTIFICATE OF DEPOSIT, OR OTHER SAVINGS PRODUCT OR PROGRAM OFFERED BY A BANKING ORGANIZATION THAT IS NOT A QUALIFYING ACCOUNT.

2. RULES OF OPERATION. A. PARTICIPANTS IN A SAVINGS PROMOTION SHALL NOT BE REQUIRED TO PROVIDE ANY CONSIDERATION IN ORDER TO OBTAIN ENTRIES TO WIN. FOR PURPOSES OF THIS PARAGRAPH, PARTICIPANTS SHALL NOT BE DEEMED

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

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TO HAVE PROVIDED CONSIDERATION DUE TO THE REQUIREMENT THAT THEY DEPOSIT MONEY IN A QUALIFYING ACCOUNT TO OBTAIN ENTRIES TO WIN, SO LONG AS: (I) THE INTEREST RATE ASSOCIATED WITH ANY SUCH QUALIFYING ACCOUNT IS NOT EXPRESSLY REDUCED TO ACCOUNT FOR THE POSSIBILITY OF DEPOSITORS WINNING SPECIFIED PRIZES; AND (II) ANY FEES CHARGED IN CONNECTION WITH SUCH QUALIFYING ACCOUNT ARE APPROXIMATELY OF A KIND AND APPROXIMATELY IN AN AMOUNT CHARGED IN CONNECTION WITH COMPARABLE NON-QUALIFYING ACCOUNTS, IF ANY, OFFERED BY THE BANKING ORGANIZATION.

B. A SAVINGS PROMOTION SHALL BE CONDUCTED SUCH THAT EACH ENTRY IN THE SAVINGS PROMOTION HAS AN EQUAL CHANCE OF BEING DRAWN.

C. PARTICIPANTS IN A SAVINGS PROMOTION SHALL NOT BE REQUIRED TO BE PRESENT AT A PRIZE DRAWING IN ORDER TO WIN.

D. THE OFFERING OF A SAVINGS PROMOTION SHALL BE SUBJECT TO SECTION THREE HUNDRED SIXTY-NINE-E OF THE GENERAL BUSINESS LAW IN THE SAME MANNER AS OTHER PROMOTIONS REGULATED THEREUNDER. FOR PURPOSES OF THE GENERAL BUSINESS LAW AND THE PENAL LAW, A SAVINGS PROMOTION OFFERED IN ACCORDANCE WITH THIS CHAPTER SHALL NOT BE DEEMED TO ENTAIL CONSIDERATION OR THE PROMOTION OF GAMBLING OR A LOTTERY.

S 2. Section 96 of the banking law is amended by adding a new subdivision 15 to read as follows:

15. TO ENGAGE IN A "SAVINGS PROMOTION RAFFLE" IN ACCORDANCE WITH SECTION NINE-V OF THIS CHAPTER.

S 3. Section 234 of the banking law is amended by adding a new subdivision 26 to read as follows:

26. TO ENGAGE IN A "SAVINGS PROMOTION RAFFLE" IN ACCORDANCE WITH SECTION NINE-V OF THIS CHAPTER.

S 4. Section 383 of the banking law is amended by adding a new subdivision 17 to read as follows:

17. TO ENGAGE IN A "SAVINGS PROMOTION RAFFLE" IN ACCORDANCE WITH SECTION NINE-V OF THIS CHAPTER.

S 5. Section 454 of the banking law is amended by adding a new subdivision 37 to read as follows:

37. TO ENGAGE IN A "SAVINGS PROMOTION RAFFLE" IN ACCORDANCE WITH SECTION NINE-V OF THIS CHAPTER.

S 6. This act shall take effect immediately.