

February 14, 2012

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: S.B. No. 526 (COMM) AN ACT ALLOWING VICTIMS OF IDENTITY THEFT ACCESS TO BANK AND CREDIT UNION ACCOUNT FUNDS

Position: Oppose

Identity theft is a terrible situation impacting both consumers and the banks that are entrusted with safeguarding their deposits.

S.B. 526 would require banks to provide immediate access to a customer's funds in the event that the customer is victim of identity theft.

There are several reasons why the bill concept is bad for depositors and the banks that service them.

A bank may find out about an identity theft through law enforcement, bank personnel, internal reviews, security and system checks, and of course, a customer. Once known, a hold is put on the account(s) associated with the customer to prevent any further loss of monies.

At the same time, an investigation is begun to ascertain who the true customer is, and who the criminal is. This can be a complex and exhaustive process that may require the involvement of law enforcement, the bank, an employer and the customer. The goal is beyond a doubt, to identify who the real customer is.

Once that process has been completed, then the funds can be made available to the customer, and hopefully the identity thief can be apprehended.

If this bill were to pass, a bank would have to provide immediate access to funds, *even if it was to the identity thief.*

This would likely increase the number of identity thefts across the state and expose depositors to unnecessary risks and costs.

We urge the committee to oppose S. B. 526, thereby allowing banks to continue protecting depositor funds in the unfortunate event of an identity theft.