



PA 19-41—sSB 1087

Judiciary Committee

AN ACT CONCERNING SERVICE OF PROCESS ON OUT-OF-STATE FINANCIAL INSTITUTIONS, LIMITED LIABILITY COMPANIES AND REGISTERED FOREIGN LIMITED LIABILITY COMPANIES

SUMMARY: By law, a person who has a court judgment against someone may apply to the court clerk to have an execution served on a financial institution (e.g., a state or federal bank or credit union) for payment of the debt from the debtor's deposit account (see BACKGROUND). This act extends this option to include out-of-state financial institutions that lack a main or branch office in Connecticut yet conduct transactions online or by other electronic means. It provides that such institutions may only be served by certified mail, return receipt requested. Presumably, the creditor would have to comply with any applicable requirements in the other jurisdiction to enforce the judgment.

By law, limited liability companies (LLCs) and registered foreign (i.e., out-of-state) LLCs must designate a registered agent to receive legal process in Connecticut on their behalf. The act specifies that the agent may be served by anyone authorized by law to serve process, who must leave a true and attested copy with the agent or at the agent's usual Connecticut residence.

Under existing law, unchanged by the act, different requirements apply in certain situations (e.g., if the secretary of the state is appointed as a foreign LLC's agent or the agent cannot be served with reasonable diligence). Also, the law specifies that an LLC or foreign LLC may be served by other methods permitted by law.

The act also makes conforming changes.

EFFECTIVE DATE: October 1, 2019

BACKGROUND

Law on Execution Against Financial Institution Accounts

Under this law, the procedures differ in some respects depending on whether the debtor is a natural person or an entity. Among other things, the law generally provides that:

1. when a judgment debtor is a natural person, he or she has certain protections and exemptions from execution;
2. serving officers may not serve the same execution on a second institution until receiving confirmation from the first institution that there are insufficient funds to satisfy the judgment;
3. if another party has a security interest in an account that is also subject to an execution, the financial institution must notify the secured party, who

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can submit to the court a claim for a hearing to determine the relative interests;

4. a similar hearing procedure applies if the debtor is a natural person who claims an exemption;
5. if no claim for interest determination or exemption is made, the financial institution pays the serving officer, and the officer pays the sum, minus his or her fees, to the judgment creditor unless a court orders otherwise; and
6. a financial institution that fails or refuses to pay the execution amount to the serving officer is liable in an action to the judgment creditor and the amount is applied to the amount due on the execution.