



Substitute House Bill No. 5214

Public Act No. 22-96

AN ACT CONCERNING THE CLOSING OF ACCOUNTS AT FINANCIAL INSTITUTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 36a-318 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(a) Except as provided in subsection (c) of this section, prior to opening a new deposit account for any depositor or prospective depositor: (1) Each financial institution shall deliver to such depositor or prospective depositor in written form which the depositor can keep a copy of (A) the deposit contract, (B) a listing of deposit account charges and the conditions under which such charges will be imposed including, but not limited to, failure to maintain a minimum balance, and (C) if such account is a time account, deposit account disclosures that govern such account; and (2) each financial institution, other than a Connecticut credit union or federal credit union, shall deliver to each depositor or prospective depositor deposit account disclosures that govern such account if such account is a savings account.

(b) The deposit account disclosures and listing of deposit account charges may be contained in more than one document and may be combined with disclosures, fees and contract terms for other accounts

Substitute House Bill No. 5214

as long as the deposit account disclosures and deposit account charges are disclosed clearly and conspicuously and it is clear which deposit account disclosures and deposit account charges are applicable to the types of deposit accounts maintained by the depositor.

(c) If all or any part of a maturing or otherwise expiring time account is automatically deposited by renewal, roll-over or otherwise in a new deposit account within thirty days after expiration, the provisions of subsection (a) of this section shall not apply to such new account, except that if the annual percentage yield on such new account is lower than the annual percentage yield on the expiring account, and the maturing time account has a term to maturity of longer than thirty-one days, the financial institution shall deliver to the depositor the notice as required by this subsection. Such notice shall be delivered at least thirty calendar days before the maturity of the existing time account. Alternatively, such notice may be delivered at least twenty calendar days before the end of the grace period on the existing account, provided a grace period of at least five calendar days is allowed. For purposes of this subsection, a grace period means a period following the maturity of an automatically renewing time account during which the depositor may withdraw funds without being assessed a penalty. The notice shall recite the deposit account disclosures and deposit account charges, including the conditions under which such charges will be imposed, applicable to the new account, along with the date the existing account matures and the new maturity date if the account is renewed; provided if the interest rate and annual percentage yield that will be paid for the new account are unknown when the notice is provided, the notice shall state that those rates have not yet been determined, the date when they will be determined and a telephone number the depositor may call to obtain the interest rate and the annual percentage yield that will be paid for the new account. Notwithstanding any provisions of the general statutes to the contrary, if the term to maturity of the maturing time account is one year or less but longer than thirty-one days, the notice is not required to

Substitute House Bill No. 5214

contain the information recited in this subsection other than (1) the date the existing account matures and the new maturity date if the account is renewed; (2) the interest rate and the annual percentage yield if they are known, or if the rates have not yet been determined, the date they will be determined and a telephone number the depositor may call to obtain the interest rate and the annual percentage yield that will be paid for the new account; and (3) any difference in the terms of the new account compared to the deposit account disclosures and deposit account charges governing the existing account.

(d) Except for deposit accounts for which a financial institution sends periodic statements, each financial institution that has a policy of imposing dormancy fees in connection with inactive deposit accounts shall, not less than fifteen days prior to the date the institution may impose a dormancy fee, mail a notice to the depositor. The notice shall be printed in capital letters in no less than twelve-point boldface type and shall state that the account will become inactive and that a dormancy fee may be imposed by the financial institution as a result of such inactivity. Such notice shall be mailed to the last-known mailing address maintained by the institution for the deposit account.

(e) (1) Except as provided in subdivision (2) of this subsection, each financial institution, upon the closing of a deposit account, shall, not later than ten business days after closing the deposit account, (A) mail a written notice setting forth the reason for closing the deposit account to the depositor at the address the financial institution has on record for the depositor, or (B) if the depositor consented to the delivery of correspondence from the financial institution by electronic mail, send a notice by electronic mail setting forth the reason for closing the deposit account to the depositor at the electronic mail address the financial institution has on record for the depositor.

(2) The notice requirements set forth in subdivision (1) of this subsection shall not apply if: (A) The financial institution closes the

Substitute House Bill No. 5214

deposit account because of the financial institution's reasonable belief that the deposit account is being used for fraudulent or other illegal purposes or that one or more depositors are engaging in fraudulent or other illegal activity; (B) the financial institution closes the deposit account because of information it receives indicating that a local, state, or federal law enforcement or regulatory agency is investigating whether any fraudulent or other illegal activity involving the deposit account or any depositor has occurred; (C) the financial institution is asked or directed by any court or local, state or federal law enforcement or regulatory agency to refrain from providing information pertaining to the closing of the deposit account to the depositor; (D) the financial institution is prohibited by state or federal law or regulation from providing such notice; (E) the financial institution has a reasonable belief that providing such notice may put any employee of the financial institution at risk of physical or emotional harm caused by a depositor; or (F) the financial institution complies with any state or federal law that requires the financial institution to provide notice to one or more depositors of the closing of the account.

Sec. 2. Section 36a-596 of the general statutes, as amended by section 2 of public act 22-94, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

As used in sections 36a-595 to 36a-612, inclusive:

(1) "Advertise" or "advertising" has the same meaning as provided in section 36a-485.

(2) "Authorized delegate" means a person designated by a person licensed pursuant to sections 36a-595 to 36a-612, inclusive, to provide money transmission services on behalf of such licensed person.

(3) "Control" means (A) the power to vote, directly or indirectly, at least twenty-five per cent of the outstanding voting shares or voting

Substitute House Bill No. 5214

interests of a licensee or person in control of a licensee; (B) the power to elect or appoint a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee; or (C) the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee. For purposes of this subdivision: (i) A person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten per cent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee, (ii) a person presumed to exercise a controlling influence can rebut such presumption if the person is a passive investor, and (iii) to determine the percentage of control, a person's interest shall be aggregated with the interest of any other immediate family member, including the person's spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and any other person who shares the person's home.

(4) "Control person" means any [person] individual in control of a licensee or applicant, any [person] individual who seeks to acquire control of a licensee or a key individual.

(5) "Electronic payment instrument" means a card or other tangible object for the transmission of money or monetary value or payment of money which contains a microprocessor chip, magnetic stripe, or other means for the storage of information, that is prefunded and for which the value is decremented upon each use, but does not include a card or other tangible object that is redeemable by the issuer in the issuer's goods or services.

(6) "Holder" means a person, other than a purchaser, who is either in possession of a payment instrument and is the named payee thereon or in possession of a payment instrument issued or endorsed to such person or bearer or in blank. "Holder" does not include any person who

Substitute House Bill No. 5214

is in possession of a lost, stolen or forged payment instrument.

(7) "Key individual" means any [person] individual ultimately responsible for establishing or directing policies and procedures of the licensee, including, but not limited to, an executive officer, manager, director or trustee.

(8) "Licensee" means any person licensed or required to be licensed pursuant to sections 36a-595 to 36a-612, inclusive.

(9) "Main office" has the same meaning as provided in section 36a-485.

(10) "Monetary value" means a medium of exchange, whether or not redeemable in money.

(11) "Money transmission" means engaging in the business of issuing or selling payment instruments or stored value, receiving money or monetary value for current or future transmission or the business of transmitting money or monetary value within the United States or to locations outside the United States by any and all means including, but not limited to, payment instrument, wire, facsimile or electronic transfer.

(12) "Outstanding" means (A) in the case of a payment instrument or stored value, that: (i) It is sold or issued in the United States; (ii) a report of it has been received by a licensee from its authorized delegates; and (iii) it has not yet been paid by the issuer, and (B) for all other money transmissions, the value reported to the licensee for which the licensee or any authorized delegate has received money or its equivalent value from the customer for transmission, but has not yet completed the money transmission by delivering the money or monetary value to the person designated by the customer.

(13) "Passive investor" means a person that: (A) Does not have the

Substitute House Bill No. 5214

power to elect a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee; (B) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee; (C) does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee; and (D) attests to subparagraphs (A), (B) and (C) of this subdivision in the form and manner prescribed by the commissioner.

(14) "Payment instrument" means a check, draft, money order, travelers check or electronic payment instrument that evidences either an obligation for the transmission of money or monetary value or payment of money, or the purchase or the deposit of funds for the purchase of such check, draft, money order, travelers check or electronic payment instrument.

(15) "Permissible investment" means: (A) Cash in United States currency; (B) time deposits, as defined in section 36a-2, or other debt instruments of a bank; (C) bills of exchange or bankers acceptances which are eligible for purchase by member banks of the Federal Reserve System; (D) commercial paper of prime quality; (E) interest-bearing bills, notes, bonds, debentures or other obligations issued or guaranteed by: (i) The United States or any of its agencies or instrumentalities, or (ii) any state, or any agency, instrumentality, political subdivision, school district or legally constituted authority of any state if such investment is of prime quality; (F) interest-bearing bills or notes, or bonds, debentures or preferred stocks, traded on any national securities exchange or on a national over-the-counter market, if such debt or equity investments are of prime quality; (G) receivables due from authorized delegates consisting of the proceeds of the sale of payment instruments which are not past due or doubtful of collection; (H) gold; and (I) any other investments approved by the commissioner. Notwithstanding the

Substitute House Bill No. 5214

provisions of this subdivision, if the commissioner at any time finds that an investment of a licensee is unsatisfactory for investment purposes, the investment shall not qualify as a permissible investment.

(16) "Prime quality" of an investment means that it is within the top four rating categories in any rating service recognized by the commissioner unless the commissioner determines for any licensee that only those investments in the top three rating categories qualify as prime quality.

(17) "Purchaser" means a person who buys or has bought a payment instrument or who has given money or monetary value for current or future transmission.

(18) "Stored value" means monetary value that is evidenced by an electronic record. For the purposes of this subdivision, "electronic record" means information that is stored in an electronic medium and is retrievable in perceivable form.

(19) "Travelers check" means a payment instrument for the payment of money that contains a provision for a specimen signature of the purchaser to be completed at the time of a purchase of the instrument and a provision for a countersignature of the purchaser to be completed at the time of negotiation.

(20) "Unique identifier" has the same meaning as provided in section 36a-485.

(21) "Virtual currency" means any type of digital unit that is used as a medium of exchange or a form of digitally stored value or that is incorporated into payment system technology. Virtual currency shall be construed to include digital units of exchange that (A) have a centralized repository or administrator; (B) are decentralized and have no centralized repository or administrator; or (C) may be created or obtained by computing or manufacturing effort. Virtual currency shall

Substitute House Bill No. 5214

not be construed to include digital units that are used (i) solely within online gaming platforms with no market or application outside such gaming platforms, or (ii) exclusively as part of a consumer affinity or rewards program, and can be applied solely as payment for purchases with the issuer or other designated merchants, but cannot be converted into or redeemed for fiat currency.

Approved May 24, 2022