

# ASSEMBLY, No. 2761

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## STATE OF NEW JERSEY

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INTRODUCED FEBRUARY 27, 1997

**By Assemblymen GREGG, WEINGARTEN, Garrett, Augustine,  
Zecker, Russo, Suliga, Jones, DeCroce, Assemblywoman  
Murphy, Assemblymen DeSopo and Kelly**

1   **AN ACT** limiting liability for the unauthorized use of certain financial  
2   institution account access devices and supplementing P.L.1983,  
3   c.466 (C.17:16K-1 et seq.).  
4

5   **BE IT ENACTED** by the Senate and General Assembly of the State  
6   of New Jersey:

7

8   1. As used in this act:

9       "Accepted access device" means an access device when the  
10      customer to whom the access device has been issued has requested and  
11      received or signed and used, or authorized another to use, the access  
12      device for the purpose of transferring money between accounts, or  
13      obtaining money, property, labor or services.

14      "Access device" means a card, code or other means of access to a  
15      customer's account, or any combination thereof, that may be used by  
16      the customer for the purpose of initiating electronic fund transfers.

17      "Account" means a customer asset account, other than an  
18      occasional or incidental credit balance in an open end credit plan as  
19      defined in the federal Truth in Lending Act, 15 U.S.C. §1602(i), held  
20      either directly or indirectly by a financial institution, which is  
21      established for business purposes. "Account" does not include an  
22      account established primarily for personal, family or household  
23      purposes.

24      "Business day" means any day on which the offices of the  
25      customer's financial institution involved in an electronic fund transfer  
26      are open to the public for carrying on substantially all of its business  
27      functions.

28      "Customer" means any corporation, partnership, association,  
29      government or governmental subdivision or agency, trust, individual  
30      or other entity.

31      "Electronic fund transfer" means any transfer of funds, other than  
32      a transaction originated by check, draft, or similar paper instrument,  
33      that is initiated through an electronic terminal, telephonic instrument  
34      or computer or magnetic tape for the purpose of ordering, instructing  
35      or authorizing a financial institution to debit or credit an account. The

1 term includes, but is not limited to, point-of-sale transfers, automated  
2 teller machine transfers, direct deposits or withdrawals of funds and  
3 transfers initiated by telephone. The term does not include:

4 (1) any check guarantee or authorization service which does not  
5 directly result in a debit or credit to a customer's account;

6 (2) any transfer of funds, other than those processed by automated  
7 clearinghouse, made by a financial institution on behalf of a customer  
8 by means of a service that transfers funds held at either Federal  
9 Reserve banks or other depository institutions and which is not  
10 designed primarily to transfer funds on behalf of a customer;

11 (3) any transaction the primary purpose of which is the purchase  
12 or sale of securities or commodities through a broker-dealer registered  
13 with or regulated by the Securities and Exchange Commission;

14 (4) any automatic transfer from a saving account to a demand  
15 deposit account pursuant to an agreement between a customer and a  
16 financial institution for the purpose of covering an overdraft or  
17 maintaining an agreed upon minimum balance in the customer's  
18 demand deposit account; or

19 (5) any transfer of funds which is initiated by a telephone  
20 conversation between a customer and an officer or employee of a  
21 financial institution which is not pursuant to a prearranged plan and  
22 under which periodic or recurring transfers are not contemplated.

23 "Financial institution" means a state or federally chartered bank,  
24 savings bank, savings and loan association or credit union, or any  
25 other person who, directly or indirectly, holds an account belonging  
26 to a customer in an office located in this State. The term also includes  
27 any person who issues an access device and agrees with a customer  
28 to provide electronic fund transfer services.

29 "Government agency" means any federal, State, or local unit of  
30 government or any agency or instrumentality thereof.

31 "Preauthorized electronic fund transfer" means an electronic fund  
32 transfer authorized in advance to recur at substantially regular  
33 intervals.

34 "Supervisory agency" means the New Jersey Department of  
35 Banking and Insurance and any other state or federal agency which  
36 has statutory authority to examine the financial condition or business  
37 operations of a particular financial institution.

38 "Unauthorized electronic fund transfer" means an electronic fund  
39 transfer from a customer's account initiated by a person without actual  
40 authority to initiate the transfer and from which the customer receives  
41 no benefit, but the term does not include any electronic fund transfer  
42 (1) initiated by a person who was furnished with the card, code or  
43 other means of access to the customer's account by the customer,  
44 unless the customer has notified the financial institution involved that  
45 transfers by that other person are no longer authorized, (2) initiated  
46 with fraudulent intent by the customer or any person acting in concert

1 with the customer, or (3) which constitutes an error committed by a  
2 financial institution.

3

4       2. a. The terms and conditions of electronic fund transfers  
5 involving a customer's account shall be disclosed at the time the  
6 customer contracts for an electronic fund transfer service. Such  
7 disclosures shall be in readily understandable language and shall  
8 include to the extent applicable:

9           (1) the customer's liability for unauthorized electronic transfer, and  
10 at the option of the financial institution, notice of the advisability of  
11 prompt reporting of any loss, theft or unauthorized use of an access  
12 device;

13           (2) the telephone number and address of the person or office to be  
14 notified in the event the customer believes that an unauthorized  
15 transfer has been or may be effected;

16           (3) the type and nature of electronic fund transfers which the  
17 customer may initiate, including any limitations on the frequency or  
18 dollar amount of those transfers, except that the details of those  
19 limitations need not be disclosed if their confidentiality is necessary  
20 to maintain the security of an electronic fund transfer system;

21           (4) any charge for electronic fund transfers or for the right to make  
22 those transfers;

23           (5) the customer's right to stop payment of a preauthorized  
24 electronic fund transfer and the procedure to initiate a stop payment  
25 order;

26           (6) the customer's right to receive documentation of electronic  
27 fund transfers pursuant to section 3 of this act;

28           (7) a summary of the error resolution provisions of section 5 of this  
29 act and the customer's rights thereunder. The financial institution shall  
30 submit this summary to the customer at least once per calendar year;

31           (8) the financial institution's liability to the customer under section  
32 7 of this act; and

33           (9) the circumstances under which the financial institution will, in  
34 the ordinary course of business, disclose information concerning the  
35 customer's account to third persons.

36       b. A financial institution shall notify a customer in writing at least  
37 21 days prior to the effective date of any change in any term or  
38 condition of the customer's account required to be disclosed under  
39 subsection a. of this section if the proposed change would result in  
40 greater cost or liability for the customer or decreased access to the  
41 customer's account. A financial institution may, however, implement  
42 a change in the terms or conditions of an account without prior notice  
43 if the change is necessary to maintain or restore the security of an  
44 electronic fund transfer system or a customer's account. Subject to  
45 paragraph (3) of subsection a. of this section, if a change is made  
46 permanent, the financial institution shall provide subsequent

1 notification of the change.

2       c. For any account of a customer made accessible to electronic  
3 fund transfers prior to the effective date of this act, the information  
4 required to be disclosed to the customer under subsection a. of this  
5 section shall be disclosed not later than the earlier of (1) the first  
6 periodic statement required by section 3 of this act after the effective  
7 date of this act, or (2) 30 days after the effective date of this act.  
8

9       3. a. For each electronic fund transfer initiated by a customer  
10 from an electronic terminal, the financial institution holding the  
11 customer's account shall, directly or indirectly, at the time the transfer  
12 is initiated, make available to the customer written documentation of  
13 the transfer. The documentation shall clearly set forth to the extent  
14 applicable:

15       (1) the amount involved and date the transfer is initiated;  
16       (2) the type of transfer;  
17       (3) the identity of the customer's account with the financial  
18 institution from which or to which funds are transferred;  
19       (4) the identity of any third party to whom or from whom funds are  
20 transferred; and  
21       (5) the location or identification of the electronic terminal involved.

22       b. For a customer's account which is scheduled to be credited by  
23 a preauthorized electronic fund transfer from the same payor at least  
24 once in each successive 60-day period, except where the payor  
25 provides positive notice of the transfer to the customer, the financial  
26 institution shall elect to provide promptly either positive notice to the  
27 customer when the credit is made as scheduled, or negative notice to  
28 the customer when the credit is not made as scheduled.

29       c. A financial institution shall provide each customer with a  
30 periodic statement for each account of the customer that may be  
31 accessed by means of an electronic fund transfer. Except as provided  
32 in subsection d. of this section, the statement shall be provided at least  
33 monthly for each monthly or shorter cycle in which an electronic fund  
34 transfer affecting the account has occurred. The statement, which may  
35 include information regarding transactions other than electronic fund  
36 transfers, shall clearly set forth:

37       (1) with regard to each electronic fund transfer during the period,  
38 the information described in subsection a. of this section, which may  
39 be provided on an accompanying document;

40       (2) the amount of any fee or charge assessed by the financial  
41 institution during the period for electronic fund transfers or for  
42 account maintenance;

43       (3) the balances in the customer's account at the beginning of the  
44 period and at the close of the period; and

45       (4) the address and telephone number to be used by the financial  
46 institution for the purpose of receiving any statement inquiry or notice

1 of account error from the customer. Such address and telephone  
2 number shall be preceded by the caption "Direct Inquiries To:" or  
3 other similar language indicating that the address and number are to be  
4 used for such inquiries or notices.

5 d. In the case of a customer's account, other than a passbook  
6 account, which may not be accessed by electronic fund transfers other  
7 than preauthorized electronic fund transfers crediting the account, the  
8 financial institution may provide a periodic statement on a quarterly  
9 basis which otherwise complies with the requirements of subsection c.  
10 of this section.

11 e. In any action involving a customer, any documentation required  
12 to be given to the customer by this section which indicates that an  
13 electronic fund transfer was made to another person shall be  
14 admissible as evidence of that transfer and shall constitute *prima facie*  
15 proof that the transfer was made.

16

17 4. a. A preauthorized electronic fund transfer from a customer's  
18 account may be authorized by the customer only in writing, and a copy  
19 of the authorization shall be provided to the customer when made. A  
20 customer may stop payment of a preauthorized electronic fund transfer  
21 by notifying the financial institution orally or in writing at any time up  
22 to three business days preceding the scheduled date of the transfer.  
23 The financial institution may require written confirmation to be  
24 provided to it within 14 days of an oral notification if, when the oral  
25 notification is made, the customer is advised of the requirement and  
26 the address to which the confirmation should be sent.

27 b. In the case of preauthorized electronic fund transfers from a  
28 customer's account to the same person which may vary in amount, the  
29 financial institution or designated payee shall, prior to each transfer,  
30 provide reasonable advance notice to the customer of the amount to  
31 be transferred and the scheduled date of the transfer.

32

33 5. a. If, within sixty days after having transmitted to a customer  
34 documentation pursuant to subsections a. or c. of section 3 of this act  
35 or notification pursuant to subsection b. of section 3 of this act, a  
36 financial institution receives oral or written notice in which the  
37 customer:

38 (1) sets forth or otherwise enables the financial institution to  
39 identify the name and account number of the customer;

40 (2) indicates the customer's belief that the documentation, or, in  
41 the case of notification pursuant to subsection b. of section 3 of this  
42 act, the customer's account, contains an error and the amount of that  
43 error; and

44 (3) sets forth the reasons for the customer's belief, where  
45 applicable, that an error has occurred,

46 the financial institution shall investigate the alleged error, determine

1 whether an error has occurred, and report or mail the results of that  
2 investigation and determination to the customer within 10 business  
3 days. The financial institution may require written confirmation to be  
4 provided to it within 10 business days of an oral notification of error  
5 if, when the oral notification is made, the customer is advised of that  
6 requirement and the address to which the confirmation should be sent.  
7 A financial institution which requires written confirmation in  
8 accordance with this subsection need not provisionally recredit a  
9 customer's account in accordance with subsection c. of this section,  
10 nor shall the financial institution be liable under subsection e. of this  
11 section if the written confirmation is not received within the 10-day  
12 period referred to in this subsection.

13 b. If the financial institution determines that an error did occur, it  
14 shall promptly, but in no event more than one business day after that  
15 determination, correct the error, subject to section 6 of this act,  
16 including the crediting of interest if applicable.

17 c. If a financial institution receives notice of an error in the manner  
18 and within the time period specified in subsection a. of this section, it  
19 may, in lieu of the requirements of subsections a. and b. of this  
20 section, within 10 business days after receiving the notice provisionally  
21 recredit the customer's account for the amount alleged to be in error,  
22 subject to section 6 of this act, including interest if applicable, pending  
23 the conclusion of its investigation and its determination of whether an  
24 error has occurred. The investigation shall be concluded not later than  
25 forty-five days after receipt of notice of the error. During the  
26 pendency of the investigation, the customer shall have full use of the  
27 funds provisionally recredited.

28 d. If the financial institution determines after its investigation  
29 pursuant to subsection a. or c. of this section that an error did not  
30 occur, it shall deliver or mail to the customer an explanation of its  
31 findings within three business days after the conclusion of its  
32 investigation, and, upon request of the customer, promptly deliver or  
33 mail to the customer reproductions of all documents which the  
34 financial institution relied on to conclude that the error did not occur.  
35 The financial institution shall include notice of the right to request  
36 reproductions with the explanation of its findings.

37 e. If in any action under section 11 of this act, the court finds that:

38 (1) the financial institution did not provisionally recredit a  
39 customer's account within the 10-day period specified in subsection c.  
40 of this section, and the financial institution (a) did not make a good  
41 faith investigation of the alleged error, or (b) did not have a reasonable  
42 basis for believing that the customer's account was not in error; or

43 (2) the financial institution knowingly and willfully concluded that  
44 the customer's account was not in error when such conclusion could  
45 not reasonably have been drawn from the evidence available to the  
46 financial institution at the time of its investigation, then the customer

1 shall be entitled to treble damages determined under section 11 of this  
2 act.

3 f. For the purpose of this section, an error consists of:

4 (1) an unauthorized electronic fund transfer;

5 (2) an incorrect electronic fund transfer from or to the customer's  
6 account;

7 (3) the omission from a periodic statement of an electronic fund  
8 transfer affecting the customer's account which should have been  
9 included;

10 (4) a computational error by the financial institution;

11 (5) the customer's receipt of an incorrect amount of money from  
12 an electronic terminal;

13 (6) a customer's request for additional information or clarification  
14 concerning an electronic fund transfer or any documentation required  
15 by this act; or

16 (7) any other error described in regulations promulgated pursuant  
17 to this act.

18

19 6. a. A customer shall be liable for any unauthorized electronic  
20 fund transfer involving the account of the customer only if the access  
21 device was an accepted access device and if the issuer of the access  
22 device has provided a means whereby the user of the access device can  
23 be identified as the customer authorized to use it, such as by signature,  
24 photograph, or fingerprint or by electronic or mechanical confirmation.  
25 In no event, however, shall a customer's liability for an unauthorized  
26 electronic fund transfer exceed the lesser of:

27 (1) \$50; or

28 (2) the amount of money or value of property or services obtained  
29 in the unauthorized electronic fund transfer prior to the time the  
30 financial institution is notified of, or otherwise becomes aware of,  
31 circumstances which lead to the reasonable belief that an unauthorized  
32 electronic fund transfer involving the customer's account has been or  
33 may be effected. Notice under this paragraph is sufficient when the  
34 steps have been taken as may be reasonably required in the ordinary  
35 course of business to provide the financial institution with the  
36 pertinent information, whether or not any particular officer, employee,  
37 or agent of the financial institution does in fact receive the  
38 information.

39 b. Notwithstanding the provisions of subsection a. of this section  
40 to the contrary, reimbursement need not be made to the customer for  
41 losses the financial institution establishes would not have occurred but  
42 for the failure of the customer to report within 60 days of transmittal  
43 of the statement (or in extenuating circumstances such as extended  
44 travel or hospitalization, within a reasonable period of time under the  
45 circumstances) any unauthorized electronic fund transfer or account  
46 error which appears on the periodic statement provided to the

1 customer under section 3 of this act. In addition, reimbursement need  
2 not be made to the customer for losses which the financial institution  
3 establishes would not have occurred but for the failure of the customer  
4 to report any loss or theft of an access device within two business days  
5 after the customer learns of the loss or theft (or in extenuating  
6 circumstances such as extended travel or hospitalization, within a  
7 longer period which is reasonable under the circumstances), but the  
8 customer's liability under this subsection in any case may not exceed  
9 a total of \$500, or the amount of unauthorized electronic fund  
10 transfers which occur following the close of two business days after  
11 the customer learns of the loss or theft but prior to the notice to the  
12 financial institution, whichever is less.

13 c. In any action which involves a customer's liability for an  
14 unauthorized electronic fund transfer, the burden of proof is upon the  
15 financial institution to show that the electronic fund transfer was  
16 authorized or, if the electronic fund transfer was unauthorized, then  
17 the burden of proof is upon the financial institution to establish that  
18 the conditions of liability set forth in subsection a. or b. of this section  
19 have been met and if the transfer was initiated after the effective date  
20 of this act, that the disclosures required to be made under this act have  
21 in fact been made in accordance with those requirements.

22 d. If a transaction involves both an unauthorized electronic fund  
23 transfer and an extension of credit pursuant to an agreement between  
24 the customer and the financial institution to extend credit to the  
25 customer if the customer's account is overdrawn, the limitation on the  
26 customer's liability for that transaction shall be determined solely in  
27 accordance with this section.

28 e. Nothing in this section imposes liability upon a customer for an  
29 unauthorized electronic fund transfer in excess of that customer's  
30 liability for that transfer under other applicable law or under any  
31 agreement with that customer's financial institution.

32 f. Except as provided in this section, a customer incurs no liability  
33 from an unauthorized electronic fund transfer.

34

35 7. a. Subject to subsections b. and c. of this section, a financial  
36 institution shall be liable to a customer for all damages proximately  
37 caused by:

38 (1) the financial institution's failure to make an electronic fund  
39 transfer, in accordance with the terms and conditions of an account,  
40 in the correct amount or in a timely manner when properly instructed  
41 to do so by the customer, except where:

42 (a) the customer's account has insufficient funds;

43 (b) the funds are subject to legal process or other encumbrance  
44 restricting the transfer;

45 (c) the transfer would exceed an established credit limit;

46 (d) an electronic terminal has insufficient cash to complete the

1 transaction; or

2 (e) as otherwise provided in regulations promulgated pursuant to  
3 this act;

4 (2) the financial institution's failure to make an electronic fund  
5 transfer due to insufficient funds when the financial institution failed  
6 to credit, in accordance with the terms and conditions of an account,  
7 a deposit of funds to the customer's account which would have  
8 provided sufficient funds to make the transfer; and

9 (3) the financial institution's failure to stop payment of a  
10 preauthorized electronic fund transfer from a customer's account when  
11 instructed to do so in accordance with the terms and conditions of the  
12 account.

13 b. A financial institution shall not be liable under paragraphs (1)  
14 or (2) of subsection a. of this section if the financial institution shows  
15 by a preponderance of the evidence that its action or failure to act  
16 resulted from:

17 (1) an act of God or other circumstance beyond its control, that it  
18 exercised reasonable care to prevent such an occurrence, and that it  
19 exercised the diligence the circumstances required; or

20 (2) a technical malfunction which was known to the customer at the  
21 time the customer attempted to initiate an electronic fund transfer or,  
22 in the case of a preauthorized electronic fund transfer, at the time the  
23 transfer should have occurred.

24 c. In the case of a failure described in subsection a. of this section  
25 which was not intentional and which resulted from a bona fide error,  
26 notwithstanding the maintenance of procedures reasonably adapted to  
27 avoid the error, the financial institution shall be liable for actual  
28 damages proved.

29

30 8. a. No person may issue to a customer any access device to the  
31 customer's account for the purpose of initiating an electronic fund  
32 transfer other than:

33 (1) in response to a request or application therefor; or

34 (2) as a renewal of, or in substitution for, an accepted access  
35 device, whether issued by the initial issuer or a successor.

36 b. Notwithstanding the provisions of subsection a. of this section,  
37 a person may distribute to a customer on an unsolicited basis an access  
38 device for use in initiating an electronic fund transfer from the  
39 customer's account, if:

40 (1) the access device is not validated;

41 (2) the distribution is accompanied by a complete disclosure, in  
42 accordance with section 2 of this act, of the customer's rights and  
43 liabilities which will apply if the access device is validated;

44 (3) the distribution is accompanied by a clear explanation that the  
45 access device is not validated and how the customer may dispose of  
46 the access device if validation is not desired; and

1       (4) the access device is validated only in response to a request or  
2 application from the customer, upon verification of the customer's  
3 identity.

4       c. For the purpose of subsection b. of this section, an access device  
5 is validated when it may be used to initiate an electronic fund transfer.

6

7       9. If a system malfunction prevents the effectuation of an electronic  
8 fund transfer initiated by a customer to another person, and the other  
9 person has agreed to accept payment by that means, the customer's  
10 obligation to the other person shall be suspended until the malfunction  
11 is corrected and the electronic fund transfer may be completed, unless  
12 the other person has subsequently, by written request, demanded  
13 payment by means other than an electronic fund transfer.

14

15       10. No writing or other agreement between a customer and any  
16 other person may contain any provision which constitutes a waiver of  
17 any right conferred or cause of action created by this act. Nothing in  
18 this section prohibits, however, any writing or other agreement which  
19 grants to a customer a more extensive right or remedy or greater  
20 protection than contained in this act or a waiver given in settlement of  
21 a dispute or action.

22

23       11. a. Except as otherwise provided by this section and section 7  
24 of this act, any person who fails to comply with any provision of this  
25 act with respect to any customer, except for an error resolved in  
26 accordance with section 5 of this act, is liable to the customer in an  
27 amount equal to the sum of:

28           (1) any actual damage sustained by the customer as a result of that  
29 failure;

30           (2)(a) in the case of an individual action, an amount not less than  
31 \$100 nor greater than \$1,000; or

32           (b) in the case of a class action, the amount the court may allow,  
33 except that (i) as to each member of the class no minimum recovery  
34 shall be applicable, and (ii) the total recovery under this subparagraph  
35 (b) in any class action or series of class actions arising out of the same  
36 failure to comply by the same person shall not be more than the lesser  
37 of \$500,000 or 1 per cent of the net worth of the defendant; and

38           (3) in the case of any successful action to enforce liability pursuant  
39 to paragraphs (1) and (2) of this subsection, the costs of the action,  
40 together with a reasonable attorneys' fees as determined by the court.

41       b. In determining the amount of liability in any action under  
42 subsection a. of this section, the court shall consider, among other  
43 relevant factors:

44           (1) in any individual action under subparagraph (a) of paragraph (2)  
45 of subsection a. of this section, the frequency and persistence of  
46 noncompliance, the nature of the noncompliance, and the extent to

- 1       which the noncompliance was intentional; or  
2       (2) in any class action under of subparagraph (b) of paragraph (2)  
3       of subsection a. of this section, the frequency and persistence of  
4       noncompliance, the nature of the noncompliance, the resources of the  
5       defendant, the number of persons adversely affected, and the extent to  
6       which the noncompliance was intentional.
- 7       c. Except as provided in section 7 of this act, a person may not be  
8       held liable in any action brought under this section for a violation of  
9       this act if the person shows by a preponderance of evidence that the  
10      violation was not intentional and resulted from a bona fide error  
11      notwithstanding the maintenance of procedures reasonably adapted to  
12      avoid the error.
- 13       d. No provision of this section imposing any liability shall apply to:  
14       (1) any act done or omitted in good faith in conformity with any  
15       rule, regulation or interpretation thereof by the department; or  
16       (2) any failure to make disclosure in proper form if a financial  
17       institution utilized an appropriate model clause issued by the  
18       department, notwithstanding that after an act, omission or failure has  
19       occurred, the rule, regulation, approval or model clause is amended,  
20       rescinded or determined by judicial or other authority to be invalid for  
21       any reason.
- 22       e. A person has no liability under this section for any failure to  
23       comply with any requirement under this act if, prior to the institution  
24       of an action under this section, the person notifies the customer  
25       concerned of the failure, complies with the requirements of this act,  
26       and makes an appropriate adjustment to the customer's account and  
27       pays actual damages or, if applicable, damages in accordance with  
28       section 7 of this act.
- 29       f. On a finding by the court that an unsuccessful action under this  
30       section was brought in bad faith or for purposes of harassment, the  
31       court shall award to the defendant attorneys' fees that are reasonable  
32       in relation to the work expended and costs.
- 33       g. Without regard to the amount in controversy, any action under  
34       this section may be brought in any court of competent jurisdiction,  
35       within one year from the date of the occurrence of the violation.
- 36
- 37       12. a. The Commissioner of Banking and Insurance shall enforce  
38       the provisions of this act.
- 39       b. The Commissioner of Banking and Insurance shall promulgate  
40       regulations pursuant to the "Administrative Procedure Act," P.L.1968,  
41       c.410 (C.52:14B-1 et seq.), necessary to effectuate the provisions of  
42       this act. The regulations promulgated by the commissioner shall be  
43       consistent with the federal regulations, 12 C.F.R. §205.1 et seq,  
44       promulgated under the federal "Electronic Fund Transfer Act," 15  
45       U.S.C. §1693 et seq.

1       13. Section 12 of this act shall take effect immediately and the  
2 remainder of this act shall take effect on the 180th day after  
3 enactment.

4

5

## STATEMENT

7

8 This bill provides persons having business accounts with financial  
9 institutions which can be accessed by means of a card or code or other  
10 means for purposes of an electronic fund transfer with the same limits  
11 on the liability for an unauthorized transfer of funds as is provided  
12 under the federal "Electronic Funds Transfer Act," 15 U.S.C. §1693  
13 et seq, for consumer accounts. The bill does not require financial  
14 institutions to issue an access device in connection with a business  
15 account, but if one is issued, the protections for the customer will be  
16 the same as if it were a consumer account regulated under the federal  
17 law.

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23 account access devices.