

HB0700



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0700

Introduced 2/6/2007, by Rep. John E. Bradley

SYNOPSIS AS INTRODUCED:

205 ILCS 5/48.1

from Ch. 17, par. 360

Amends the Illinois Banking Act. Provides that a bank that is required to mail a copy of a subpoena, summons, warrant, or court order in accordance with certain requirements need not produce the requested financial records until the later of (i) the expiration of 5 business days following the receipt of the subpoena, summons, warrant, or court order or (ii) the date stated in the subpoena, summons, warrant, or court order by which the financial records must be produced. Effective immediately.

LRB095 08837 MJR 29023 b

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Banking Act is amended by changing
5 Section 48.1 as follows:

6 (205 ILCS 5/48.1) (from Ch. 17, par. 360)

7 Sec. 48.1. Customer financial records; confidentiality.

8 (a) For the purpose of this Section, the term "financial
9 records" means any original, any copy, or any summary of:

10 (1) a document granting signature authority over a
11 deposit or account;

12 (2) a statement, ledger card or other record on any
13 deposit or account, which shows each transaction in or with
14 respect to that account;

15 (3) a check, draft or money order drawn on a bank or
16 issued and payable by a bank; or

17 (4) any other item containing information pertaining
18 to any relationship established in the ordinary course of a
19 bank's business between a bank and its customer, including
20 financial statements or other financial information
21 provided by the customer.

22 (b) This Section does not prohibit:

23 (1) The preparation, examination, handling or

1 maintenance of any financial records by any officer,
2 employee or agent of a bank having custody of the records,
3 or the examination of the records by a certified public
4 accountant engaged by the bank to perform an independent
5 audit.

6 (2) The examination of any financial records by, or the
7 furnishing of financial records by a bank to, any officer,
8 employee or agent of (i) the Commissioner of Banks and Real
9 Estate, (ii) after May 31, 1997, a state regulatory
10 authority authorized to examine a branch of a State bank
11 located in another state, (iii) the Comptroller of the
12 Currency, (iv) the Federal Reserve Board, or (v) the
13 Federal Deposit Insurance Corporation for use solely in the
14 exercise of his duties as an officer, employee, or agent.

15 (3) The publication of data furnished from financial
16 records relating to customers where the data cannot be
17 identified to any particular customer or account.

18 (4) The making of reports or returns required under
19 Chapter 61 of the Internal Revenue Code of 1986.

20 (5) Furnishing information concerning the dishonor of
21 any negotiable instrument permitted to be disclosed under
22 the Uniform Commercial Code.

23 (6) The exchange in the regular course of business of
24 (i) credit information between a bank and other banks or
25 financial institutions or commercial enterprises, directly
26 or through a consumer reporting agency or (ii) financial

1 records or information derived from financial records
2 between a bank and other banks or financial institutions or
3 commercial enterprises for the purpose of conducting due
4 diligence pursuant to a purchase or sale involving the bank
5 or assets or liabilities of the bank.

6 (7) The furnishing of information to the appropriate
7 law enforcement authorities where the bank reasonably
8 believes it has been the victim of a crime.

9 (8) The furnishing of information under the Uniform
10 Disposition of Unclaimed Property Act.

11 (9) The furnishing of information under the Illinois
12 Income Tax Act and the Illinois Estate and
13 Generation-Skipping Transfer Tax Act.

14 (10) The furnishing of information under the federal
15 Currency and Foreign Transactions Reporting Act Title 31,
16 United States Code, Section 1051 et seq.

17 (11) The furnishing of information under any other
18 statute that by its terms or by regulations promulgated
19 thereunder requires the disclosure of financial records
20 other than by subpoena, summons, warrant, or court order.

21 (12) The furnishing of information about the existence
22 of an account of a person to a judgment creditor of that
23 person who has made a written request for that information.

24 (13) The exchange in the regular course of business of
25 information between commonly owned banks in connection
26 with a transaction authorized under paragraph (23) of

1 Section 5 and conducted at an affiliate facility.

2 (14) The furnishing of information in accordance with
3 the federal Personal Responsibility and Work Opportunity
4 Reconciliation Act of 1996. Any bank governed by this Act
5 shall enter into an agreement for data exchanges with a
6 State agency provided the State agency pays to the bank a
7 reasonable fee not to exceed its actual cost incurred. A
8 bank providing information in accordance with this item
9 shall not be liable to any account holder or other person
10 for any disclosure of information to a State agency, for
11 encumbering or surrendering any assets held by the bank in
12 response to a lien or order to withhold and deliver issued
13 by a State agency, or for any other action taken pursuant
14 to this item, including individual or mechanical errors,
15 provided the action does not constitute gross negligence or
16 willful misconduct. A bank shall have no obligation to
17 hold, encumber, or surrender assets until it has been
18 served with a subpoena, summons, warrant, court or
19 administrative order, lien, or levy.

20 (15) The exchange in the regular course of business of
21 information between a bank and any commonly owned affiliate
22 of the bank, subject to the provisions of the Financial
23 Institutions Insurance Sales Law.

24 (16) The furnishing of information to law enforcement
25 authorities, the Illinois Department on Aging and its
26 regional administrative and provider agencies, the

1 Department of Human Services Office of Inspector General,
2 or public guardians: (i) upon subpoena by the investigatory
3 entity or the guardian, or (ii) if there is suspicion by
4 the bank that a customer who is an elderly or disabled
5 person has been or may become the victim of financial
6 exploitation. For the purposes of this item (16), the term:
7 (i) "elderly person" means a person who is 60 or more years
8 of age, (ii) "disabled person" means a person who has or
9 reasonably appears to the bank to have a physical or mental
10 disability that impairs his or her ability to seek or
11 obtain protection from or prevent financial exploitation,
12 and (iii) "financial exploitation" means tortious or
13 illegal use of the assets or resources of an elderly or
14 disabled person, and includes, without limitation,
15 misappropriation of the elderly or disabled person's
16 assets or resources by undue influence, breach of fiduciary
17 relationship, intimidation, fraud, deception, extortion,
18 or the use of assets or resources in any manner contrary to
19 law. A bank or person furnishing information pursuant to
20 this item (16) shall be entitled to the same rights and
21 protections as a person furnishing information under the
22 Elder Abuse and Neglect Act, the Illinois Domestic Violence
23 Act of 1986, and the Abuse of Adults with Disabilities
24 Intervention Act.

25 (17) The disclosure of financial records or
26 information as necessary to effect, administer, or enforce

1 a transaction requested or authorized by the customer, or
2 in connection with:

3 (A) servicing or processing a financial product or
4 service requested or authorized by the customer;

5 (B) maintaining or servicing a customer's account
6 with the bank; or

7 (C) a proposed or actual securitization or
8 secondary market sale (including sales of servicing
9 rights) related to a transaction of a customer.

10 Nothing in this item (17), however, authorizes the sale
11 of the financial records or information of a customer
12 without the consent of the customer.

13 (18) The disclosure of financial records or
14 information as necessary to protect against actual or
15 potential fraud, unauthorized transactions, claims, or
16 other liability.

17 (19) (a) The disclosure of financial records or
18 information related to a private label credit program
19 between a financial institution and a private label party
20 in connection with that private label credit program. Such
21 information is limited to outstanding balance, available
22 credit, payment and performance and account history,
23 product references, purchase information, and information
24 related to the identity of the customer.

25 (b) (1) For purposes of this paragraph (19) of
26 subsection (b) of Section 48.1, a "private label credit

1 program" means a credit program involving a financial
2 institution and a private label party that is used by a
3 customer of the financial institution and the private label
4 party primarily for payment for goods or services sold,
5 manufactured, or distributed by a private label party.

6 (2) For purposes of this paragraph (19) of subsection
7 (b) of Section 48.1, a "private label party" means, with
8 respect to a private label credit program, any of the
9 following: a retailer, a merchant, a manufacturer, a trade
10 group, or any such person's affiliate, subsidiary, member,
11 agent, or service provider.

12 (c) Except as otherwise provided by this Act, a bank may
13 not disclose to any person, except to the customer or his duly
14 authorized agent, any financial records or financial
15 information obtained from financial records relating to that
16 customer of that bank unless:

17 (1) the customer has authorized disclosure to the
18 person;

19 (2) the financial records are disclosed in response to
20 a lawful subpoena, summons, warrant or court order which
21 meets the requirements of subsection (d) of this Section;
22 or

23 (3) the bank is attempting to collect an obligation
24 owed to the bank and the bank complies with the provisions
25 of Section 2I of the Consumer Fraud and Deceptive Business
26 Practices Act.

1 (d) A bank shall disclose financial records under paragraph
2 (2) of subsection (c) of this Section under a lawful subpoena,
3 summons, warrant, or court order only after the bank mails a
4 copy of the subpoena, summons, warrant, or court order to the
5 person establishing the relationship with the bank, if living,
6 and, otherwise his personal representative, if known, at his
7 last known address by first class mail, postage prepaid, unless
8 the bank is specifically prohibited from notifying the person
9 by order of court or by applicable State or federal law. A bank
10 that is required to mail a copy of a subpoena, summons,
11 warrant, or court order in accordance with this subsection (d)
12 need not produce the requested financial records until the
13 later of (i) the expiration of 5 business days following the
14 receipt of the subpoena, summons, warrant, or court order or
15 (ii) the date stated in the subpoena, summons, warrant, or
16 court order by which the financial records must be produced. A
17 bank shall not mail a copy of a subpoena to any person pursuant
18 to this subsection if the subpoena was issued by a grand jury
19 under the Statewide Grand Jury Act.

20 (e) Any officer or employee of a bank who knowingly and
21 willfully furnishes financial records in violation of this
22 Section is guilty of a business offense and, upon conviction,
23 shall be fined not more than \$1,000.

24 (f) Any person who knowingly and willfully induces or
25 attempts to induce any officer or employee of a bank to
26 disclose financial records in violation of this Section is

1 guilty of a business offense and, upon conviction, shall be
2 fined not more than \$1,000.

3 (g) A bank shall be reimbursed for costs that are
4 reasonably necessary and that have been directly incurred in
5 searching for, reproducing, or transporting books, papers,
6 records, or other data of a customer required or requested to
7 be produced pursuant to a lawful subpoena, summons, warrant, or
8 court order. The Commissioner shall determine the rates and
9 conditions under which payment may be made.

10 (Source: P.A. 94-495, eff. 8-8-05; 94-851, eff. 6-13-06.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.