

AMENDED IN ASSEMBLY APRIL 12, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1527**

**Introduced by Assembly Member Liu**

February 22, 2005

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~~An act to add Sections 760.2 and 955 to the Financial Code, relating to banks. An act to add Chapter 6 (commencing with Section 4965) to Division 1.5 of the Financial Code, relating to financial institutions.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1527, as amended, Liu. ~~Bank~~ *Depository institutions*: accounts.

Existing law provides for the regulation of ~~banks~~ *certain depository institutions* by the Department of Financial Institutions, *including banks, savings associations, and industrial banks*.

This bill would prohibit a ~~bank~~ *depository institution* from using a ~~bank~~ *an account number of a consumer deposit account* previously held by a different customer until ~~5~~ *3* years have passed since that account number was closed. ~~The bill would also require a bank to verify certain information before authorizing a payment or purchase from one of the bank's checking accounts through an Internet transaction.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. Section 760.2 is added to the Financial Code, to~~
- 2 ~~read:~~
- 3 *SECTION 1. Chapter 6 (commencing with Section 4965) is*
- 4 *added to Division 1.5 of the Financial Code, to read:*

CHAPTER 6. OTHER REGULATORY PROVISIONS

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2  
3 4965. *On or after July 1, 2006, a depository institution shall*  
4 *not issue an account number for a consumer deposit account to a*  
5 *customer, if that account number was previously held by a*  
6 *different customer, until at least three years have passed since*  
7 *the account of the prior customer was closed. For purposes of*  
8 *this section, "consumer deposit account" means a deposit*  
9 *account or share draft account that is established by a natural*  
10 *person who is a customer of the depository institution for*  
11 *personal, family, or household purposes. This section shall not*  
12 *apply to the issuance by a depository institution of an account*  
13 *number that was previously held by a different customer, if the*  
14 *depository institution assumed the account number as the result*  
15 *of the assumption of deposit accounts from a depository*  
16 *institution or a business combination with one or more*  
17 *depository institutions, including, but not limited to, merger or*  
18 *acquisition.*

19 ~~760.2. A bank shall not use a bank account number~~  
20 ~~previously held by a different customer until five years have~~  
21 ~~passed since that account number was closed.~~

22 SEC. 2. Section 955 is added to the Financial Code, to read:

23 955. ~~Before authorizing a payment or purchase from a~~  
24 ~~checking account through an Internet transaction, a bank shall~~  
25 ~~first verify that the person making the payment or purchase is the~~  
26 ~~holder of the checking account. A bank may require a person to~~  
27 ~~include the following information when making an Internet~~  
28 ~~transaction for the purposes of making the verification required~~  
29 ~~by this section:~~

- 30 ~~(a) A personal identification number.~~
- 31 ~~(b) The last four numbers of the person's social security~~  
32 ~~number.~~
- 33 ~~(c) The maiden name of the person's mother.~~