

AMENDED IN ASSEMBLY MAY 15, 2007

AMENDED IN ASSEMBLY MAY 2, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1677

Introduced by Assembly Member Charles Calderon

February 23, 2007

An act to add Section 1798.825 to the Civil Code, relating to Internet transactions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1677, as amended, Charles Calderon. Internet transactions: verification: banking and financial services.

Existing law sets forth comprehensive provisions governing funds transfers, as defined, including provisions related to the issuance and acceptance of payment orders, requirements for verification, the effect of errors, the effect of acceptance of a payment order, and related provisions.

This bill would require a business that provides banking or other financial services over the Internet to implement and maintain reasonable policies and procedures for authenticating and verifying the legitimacy of a consumer transaction over the Internet, and would *require that these policies and procedures be consistent with current best industry practices*. It would allow penalties to be imposed on businesses that fail to meet this requirement, as specified.

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 1798.825 is added to the Civil Code, to
2 read:

3 1798.825. (a) A business that provides banking or other
4 financial services over the Internet shall implement and maintain
5 reasonable policies and procedures for authenticating and verifying
6 the legitimacy of a consumer transaction made over the Internet.

7 *(b) The policies and procedures that a business implements*
8 *pursuant to subdivision (a) shall, at a minimum, be consistent with*
9 *current best industry practices, including, but not limited to, those*
10 *recommended by the Federal Financial Institutions Examination*
11 *Council or the relevant Recommended Practices of the California*
12 *Office of Privacy Protection.*

13 ~~(b)~~

14 (c) A civil penalty in the amount of three thousand dollars
15 (\$3,000) may be imposed on a business that fails to conduct an
16 Internet transaction with a consumer in compliance with the
17 policies and procedures required pursuant to subdivision (a).

18 ~~(c)~~

19 (d) Any customer injured by a fraudulent transaction in violation
20 of the requirement specified in subdivision (a) may institute a civil
21 action to recover damages.

22 ~~(d)~~

23 (e) The rights and remedies under this section are cumulative
24 with each other and with any other rights and remedies under law.