BILL ANALYSIS

H.B. 2899
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Business & Industry
Committee Report (Amended)

BACKGROUND AND PURPOSE

Currently, there is no statutory requirement that financial institutions and check verification entities communicate with one another in sharing information about cases of identity theft and other forms of financial fraud.

House Bill No. 2899 would require a financial institution to notify check verification entities when a customer reports that checks have been stolen so that further fraud may be averted.

RULEMAKING AUTHORITY

It is the opinion of the Committee on Business and Industry that this bill does not confer any additional rulemaking authority to any state officer, agency, department, or institution.

ANALYSIS

House Bill No. 2899 defines the terms "check verification," "check verification entity" and "financial institution."

The bill provides that a financial institution must notify each check verification entity when the financial institution has a credible report of stolen checks and a copy of a police report, investigative report or complaint concerning the alleged theft as well as an affidavit, under penalty of perjury, signed by the customer who has reported checks stolen.

The financial institution has 48 hours to share this information with check verification entities.

A financial institution which fails to comply with this directive is liable to the state for a civil penalty of up to $1,000, and the Attorney General may sue to collect that penalty. Additionally, the Attorney General is entitled to recover reasonable expenses incurred in obtaining a civil penalty, including court costs, reasonable attorney's fees, investigative costs, witness fees, and deposition expenses.

EFFECTIVE DATE

September 1, 2005.

IMPACT OF COMMITTEE AMENDMENT

The original bill did not require that the customer agree to pay reasonable charges. Committee Amendment No. 1 adds this requirement.