
By: Delegates Bobo, Walkup, and Pitkin

Introduced and read first time: February 1, 1996

Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions - New Accounts**

3 FOR the purpose of requiring banking institutions, credit unions, and savings and loan
4 associations to obtain information about the prior banking practices of an applicant
5 for a new account before opening the account; prohibiting the financial institutions
6 from opening a new account under certain circumstances; requiring the financial
7 institutions to participate in a national reporting service that maintains records of
8 banking practices of individuals; and generally relating to requirements for opening
9 new accounts in banking institutions, credit unions, and savings and loan
10 associations.

11 BY adding to

12 Article - Financial Institutions
13 Section 5-515, 6-608, and 9-412.2
14 Annotated Code of Maryland
15 (1992 Replacement Volume and 1995 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Financial Institutions**

19 5-515.

20 (A) (1) BEFORE OPENING ANY NEW ACCOUNT, THE BANKING INSTITUTION
21 IN WHICH THE ACCOUNT IS TO BE HELD SHALL OBTAIN INFORMATION ABOUT THE
22 PRIOR BANKING PRACTICES OF THE APPLICANT FROM A NATIONAL REPORTING
23 SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS' BANKING PRACTICES.

24 (2) IF THE INFORMATION RECEIVED BY THE BANKING INSTITUTION
25 INDICATES THAT THE APPLICANT HAS ENGAGED IN ONE OR MORE FRAUDULENT
26 BANKING PRACTICES, THE BANKING INSTITUTION MAY OPEN AN ACCOUNT FOR THE
27 APPLICANT ONLY IF THE APPLICANT CAN DEMONSTRATE TO THE SATISFACTION OF
28 THE BANKING INSTITUTION THAT THE PRACTICE ENGAGED IN IS NOT REPETITIVE.

29 (B) EACH BANKING INSTITUTION SHALL PARTICIPATE IN A NATIONAL
30 REPORTING SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS' BANKING
31 PRACTICES.

2

1 6-608.

2 (A) (1) BEFORE OPENING ANY NEW ACCOUNT, THE CREDIT UNION IN
3 WHICH THE ACCOUNT IS TO BE HELD SHALL OBTAIN INFORMATION ABOUT THE
4 PRIOR BANKING PRACTICES OF THE APPLICANT FROM A NATIONAL REPORTING
5 SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS' BANKING PRACTICES.

6 (2) IF THE INFORMATION RECEIVED BY THE CREDIT UNION INDICATES
7 THAT THE APPLICANT HAS ENGAGED IN ONE OR MORE FRAUDULENT BANKING
8 PRACTICES, THE CREDIT UNION MAY OPEN AN ACCOUNT FOR THE APPLICANT ONLY
9 IF THE APPLICANT CAN DEMONSTRATE TO THE SATISFACTION OF THE CREDIT
10 UNION THAT THE PRACTICE ENGAGED IN IS NOT REPETITIVE.

11 (B) EACH CREDIT UNION SHALL PARTICIPATE IN A NATIONAL REPORTING
12 SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS' BANKING PRACTICES.

13 9-412.2.

14 (A) (1) BEFORE OPENING ANY NEW ACCOUNT, THE SAVINGS AND LOAN
15 ASSOCIATION IN WHICH THE ACCOUNT IS TO BE HELD SHALL OBTAIN INFORMATION
16 ABOUT THE PRIOR BANKING PRACTICES OF THE APPLICANT FROM A NATIONAL
17 REPORTING SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS' BANKING
18 PRACTICES.

19 (2) IF THE INFORMATION RECEIVED BY THE SAVINGS AND LOAN
20 ASSOCIATION INDICATES THAT THE APPLICANT HAS ENGAGED IN ONE OR MORE
21 FRAUDULENT BANKING PRACTICES, THE SAVINGS AND LOAN ASSOCIATION MAY
22 OPEN AN ACCOUNT FOR THE APPLICANT ONLY IF THE APPLICANT CAN
23 DEMONSTRATE TO THE SATISFACTION OF THE SAVINGS AND LOAN ASSOCIATION
24 THAT THE PRACTICE ENGAGED IN IS NOT REPETITIVE.

25 (B) EACH SAVINGS AND LOAN ASSOCIATION SHALL PARTICIPATE IN A
26 NATIONAL REPORTING SERVICE THAT MAINTAINS RECORDS OF INDIVIDUALS'
27 BANKING PRACTICES.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 1996.