

HOUSE BILL 728

IN THE HOUSE

February 10, 1979

Introduced and referred to
Committee on Business and
Industry.

February 16, 1979

Committee recommend bill, as
amended, do not pass.

February 17, 1979

Report adopted.

1 ~~House~~ BILL NO. 728
2 INTRODUCED BY Tropie

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROHIBIT COMMERCIAL
5 BANKS FROM ISSUING CHECKING ACCOUNTS TO PROSPECTIVE
6 CUSTOMERS WHO HAVE WRITTEN CHECKS FOR WHICH THERE WERE
7 INSUFFICIENT FUNDS; AND PROVIDING A PENALTY FOR
8 NONCOMPLIANCE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Checking account application required. A
12 commercial bank as defined in 32-1-105 shall require a
13 prospective customer to complete and sign a checking account
14 application prior to issuing a checking account to a
15 prospective customer.

16 Section 2. Checking account application -- contents.
17 There shall be shown on the checking account application at
18 least the following information:

- 19 (1) the prospective customer's name;
- 20 (2) the prospective customer's address;
- 21 (3) the prospective customer's social security number;
- 22 (4) the name and address of any commercial bank where
23 the customer has an open checking account; and
- 24 (5) the name and address of any commercial bank where
25 the prospective customer had a checking account within the

1 year preceding the date of his application.

2 Section 3. Duty of inquiry. Prior to issuing a
3 checking account to a prospective customer the commercial
4 bank shall contact every other commercial bank where the
5 prospective customer now has or had within the past year a
6 checking account to determine:

- 7 (1) if the prospective customer has issued three or
8 more checks for which there were insufficient funds; and
- 9 (2) if the prospective customer failed to make good
10 the check within 5 days after he received written notice of
11 nonpayment.

12 Section 4. Commercial banks required to cooperate.
13 Commercial banks of the state and its employees shall
14 cooperate with each other and provide the information
15 necessary to the effective operation of [this act].

16 Section 5. Commercial bank prohibited from issuing a
17 checking account -- conditions. A commercial bank is
18 prohibited from issuing a checking account to a prospective
19 customer who has written three or more checks for which
20 there were insufficient funds and which were not made good
21 within 5 days after he received written notice of
22 nonpayment.

23 Section 6. Civil liability for noncompliance. A
24 commercial bank which fails to comply with any requirement
25 imposed under [this act] or issues a checking account in

1 violation of [section 4] is primarily liable to the payor of
2 a check for which there are insufficient funds.

3 Section 7. Effect on other law. Nothing in [this act]
4 shall affect the relationship between a payor bank and its
5 customer under Title 30, part 4.

6 Section 8. Saving clause. This act does not affect
7 rights and duties that matured, penalties that were
8 incurred, or proceedings that were begun before the
9 effective date of this act.

-End-