

**Testimony of  
Kenneth Sherman, Jr.  
Oregon Bankers Association**

**re:  
House Bill 2112  
February 8, 2017**

I am Kenneth Sherman, Jr. I serve as General Counsel for the Oregon Bankers Association.

For the following reasons, the OBA strongly opposes HB 2112:

1. If enacted in its current form, it will apply only to accounts offered by Oregon state-chartered banks. It would **not** apply to accounts offered by:
  - a. State or federal credit unions, which are governed by laws other than the Oregon Bank Act, the law which this bill would become a part of.
  - b. National banks or federal savings associations, the deposit-taking activities of which are governed by the National Bank Act and other federal law.

So this bill would create a very uneven playing field, imposing a significant new burdens on a small fraction of the institutions that offer deposit accounts in Oregon.
2. The bill would provide that a covered institution couldn't close an account (apparently, any account, not just consumer accounts) without giving 60 days' prior notice. No exceptions are made for:
  - a. An account whose owner has died;
  - b. An account having a zero or negative balance;
  - c. An account in which the institution has a security interest, where that interest has been foreclosed;
  - d. An account where all of the funds have been taken by a garnishment;
  - e. An account of a type that the institution is no longer permitted to offer under applicable regulations
  - f. An account where the account holder has violated the terms of the deposit contract.
3. The bill provides that when the institution sends the account holder the notice, it must "provide the reason for the closure". This implies that the institution must have a reason.

Deposit account contracts typically provide that either party to the contract can close the account for any reason or no reason.

Does this “reason” that must be disclosed have to be a “good” reason, or can it be any reason at all? If it has to be a “good reason”, what does that mean?

4. Section 2 (2) of the bill provides an exception to the 60 day notice requirement, where the institution “reasonably believes that the account... has been used in connection with illegal activity.” What’s included in “illegal activity”? - criminal violations, criminal and civil violations, criminal and civil violations plus failure to comply with the deposit contract, or what?

We strongly urge you to reject this bill.