

2020 Regular Session

SENATE BILL NO. 268

BY SENATOR JOHNS AND REPRESENTATIVE LYONS

BANKS/BANKING. Provides relative to abandonment of safety deposit boxes. (8/1/20)

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AN ACT

To amend and reenact R.S. 6:327(B) and (C) and 659.2 and to enact R.S. 6:320, 327.1, 771, and 1142, relative to banks; to provide for the abandonment of safety deposit boxes; to provide for authorized contacts in a safety deposit box agreement; to allow for the disposal of unsalable contents; to provide procedures for disposing of or selling of abandoned contents; to provide relative to the Uniform Unclaimed Property Act; to provide relative to savings and loan associations, credit unions, and savings banks; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 6:327(B) and (C) and 659.2 are hereby amended and reenacted and R.S. 6:320, 327.1, 771, and 1142 are hereby enacted to read as follows:

§320. Safety deposit box; authorized contacts

When a safety deposit box is leased, the bank shall allow the lessee to designate up to two persons as authorized contacts who the lessee authorizes the bank to communicate with, send notice to, and disclose any information regarding the safety deposit box and its contents in the event the safety deposit box becomes abandoned as provided in R.S. 6:327. If the lessee decides to

1 Louisiana law and the terms of the safety deposit box contract, and the bank may
2 also dispose of any unsalable contents in accordance with R.S. 6:327.1. After
3 satisfaction of the bank's lien, any remaining proceeds shall be subject to the
4 Uniform Unclaimed Property Act of 1997, R.S. 9:151, et seq. The bank may
5 treat the remaining proceeds as presumed abandoned and turn them over to the
6 administrator of the Uniform Unclaimed Property Act without having to wait
7 for the passage of time delays set forth in R.S. 9:155.

8 * * *

9 §327.1. Disposition of abandoned safety deposit box contents

10 A. If a bank has entered an abandoned safety deposit box in accordance
11 with the requirements of R.S. 6:327, and the bank decides to proceed with
12 disposing or selling the abandoned contents, then the provisions contained in
13 this Section shall apply.

14 B.(1) Prior to a public or private sale of contents from an abandoned
15 box, the following types of property may be classified as unsalable by an
16 independent appraiser, an auctioneer, a pawn broker, or the bank, and disposed
17 of in the following manner:

18 (a) Documents, writings, or photographs having little or no commercial
19 value may be destroyed by the bank, except for those contents subject to the
20 provisions of R.S. 9:155(B).

21 (b) Coins or currency with a face value of twenty dollars or less each that
22 are valued at no more than twice the face value, shall be treated as proceeds of
23 a sale and used to satisfy the bank's lien and any excess proceeds shall be
24 remitted to the administrator of the Uniformed Unclaimed Property Act by
25 paper check or electronic funds transfer.

26 (c) Coins or currency with a face value of greater than twenty dollars
27 each that are valued at one hundred twenty-five percent or less of face value,
28 shall be treated as proceeds of sale and used to satisfy the bank's lien and any
29 excess proceeds shall be remitted to the administrator of the Uniform

1 Unclaimed Property Act by paper check or electronic funds transfer.

2 (d) Any other tangible item having an estimated sale value of twenty-five
3 dollars or less may be destroyed by the bank or donated by the bank to a
4 charitable organization qualified under Section 501(c)(3) of the Internal
5 Revenue Code, 26 U.S.C. 501, provided that the aggregate value of the items
6 from a specific abandoned safety deposit box does not exceed two hundred fifty
7 dollars.

8 (2) A current version of any recognized numismatist publication may be
9 used for purposes of valuation of coins and currency.

10 C.(1) Prior to a public or private sale of contents from an abandoned
11 safety deposit box that has not been classified as unsalable as provided in
12 Subsection B of this Section, the bank shall obtain an independent valuation of
13 the contents by an independent appraiser, auctioneer, pawn broker, coin or
14 collectibles dealer, a jeweler, or by any other person who is regularly engaged
15 in the business of appraising, buying, or selling like merchandise, or any other
16 combination thereof.

17 (a) Contents from a safety deposit box with an independent valuation of
18 more than one thousand dollars shall be sold for at least seventy-five percent of
19 the independent valuation price at public or private sale.

20 (b) Contents from a safety deposit box with an independent valuation of
21 one thousand dollars or less may be sold without a value restriction at public or
22 private sale.

23 (2) Firearms shall be disposed of in one of the following ways:

24 (a) Sold through a federal firearms licensed dealer.

25 (b) Sold through a public auction through an auctioneer who possesses
26 a federal firearms license.

27 (c) Turned over to law enforcement.

28 D. Any public or private sale of contents of an abandoned safety deposit
29 box must be a commercially reasonable sale held at a time and place in the

1 judgment of the bank that will bring the most favorable prices for the property
 2 involved. For purposes of this Section, "commercially reasonable", includes but
 3 is not limited to a sale that would be commercially reasonable under R.S.
 4 10:9-610, or a sale, or sale methodology, that is approved by the commissioner
 5 of financial institutions. A bank may sell the contents of an abandoned safety
 6 deposit box in a sale conducted exclusively for the bank, or in a sale conducted
 7 jointly for the bank and any number of other financial institutions or other
 8 entities. A bank may use an online auction service as a commercially reasonable
 9 public sale.

10 E. A bank and its directors, officers, employees, agents, and other
 11 representatives who act in accordance with the authority granted in R.S. 6:327
 12 and 327.1 relative to the disposition of abandoned safety deposit box contents
 13 shall be immune from all civil and administrative liability.

14 * * *

15 §659.2. Federally insured credit unions; abandonment of safety deposit box

16 The provisions of R.S. 6:327 and 327.1 shall apply to abandonment of a
 17 safety deposit box leased from a federally insured credit union.

18 * * *

19 §771. Disposition of abandoned safety deposit box contents

20 The provisions of R.S. 6:320 and 327.1 relative to the disposition of
 21 abandoned safety deposit box contents shall be applicable to savings and loan
 22 associations chartered under the Louisiana Savings and Loan Association Law
 23 in the same manner as they are applicable to state banks.

24 * * *

25 §1142. Safety deposit boxes and safekeeping

26 The provisions of R.S. 6:320 through 328 relative to safety deposit boxes
 27 and safekeeping shall be applicable to savings banks chartered under the
 28 provisions of the Louisiana Savings Bank Act of 1990 in the same manner as
 29 they are applicable to state banks.

The original instrument was prepared by Morgan B. Robertson. The following digest, which does not constitute a part of the legislative instrument, was prepared by Jeanne C. Johnston.

DIGEST

SB 268 Reengrossed

2020 Regular Session

Johns

Present law provides procedures relative to the abandonment of safety deposit boxes and allows banks to sell the contents of an abandoned safety deposit box by public, private, or judicial sale in accordance with law and the terms of the safety deposit box contract.

Proposed law retains present law and provides that a lessee of a safety deposit box may designate up to two persons as authorized contacts who the bank is required to contact if the safety deposit box is abandoned by the lessee.

Proposed law allows banks to dispose of unsalable contents.

Proposed law provides that proceeds remaining after satisfaction of a bank's lien be subject to the Uniform Unclaimed Property Act of 1997.

Proposed law allows a bank to treat remaining proceeds as presumed abandoned and turn them over to the administrator of the State Unclaimed Property Program without having to wait for the passage of time delays set forth in R.S. 9:155.

Proposed law provides procedures for the disposing of or selling of abandoned contents.

Proposed law allows the following types of property to be classified as unsalable by an independent appraiser, an auctioneer, a pawn broker, or the bank and disposed of in the following manner:

- (1) Documents, writings, or photographs having little or no commercial value may be destroyed, excluding military medals and all associated documents.
- (2) Coins or currency with a face value of \$20.00 or less that are valued at no more than twice the face value shall be treated as proceeds of a sale and used to satisfy the bank's lien and any excess proceeds remitted to the Louisiana Unclaimed Property Program.
- (3) Coins or currency with a face value greater than \$20.00 that are valued at 125% or less of face value shall be treated as proceeds of a sale and used to satisfy the bank's lien and any excess proceeds remitted to the Louisiana Unclaimed Property Program.
- (4) Any other tangible item having an estimated sale value of \$25.00 or less may be destroyed by the bank or donated by the bank to a charitable organization, provided that the aggregate value of the item from a specific abandoned safety deposit box does not exceed \$250.00.

Proposed law requires the bank to obtain an independent valuation of the contents by an independent appraiser, auctioneer, pawn broker, coin or collectibles dealer, a jeweler, or by any other person who is regularly engaged in the business of appraising, buying, or selling like merchandise, or any other combination thereof prior to a public or private sale of contents not classified as unsalable.

Proposed law requires that any contents valued by an independent valuation that are more than one thousand dollars shall be sold for at least seventy-five percent of the independent valuation price at a public or private sale.

Proposed law requires that any contents valued by an independent valuation that are less than one thousand dollars may be sold without a value restriction at a public or private sale.

Proposed law requires that firearms be disposed of in one of the following ways:

- (1) Sold through a federal firearms licensed dealer.
- (2) Sold through a public auction through an auctioneer who possesses a federal firearms license.
- (3) Turned over to law enforcement.

Proposed law requires any public or private sale of contents of an abandoned safety deposit box to be a commercially reasonable sale.

Proposed law provides immunity to a bank and its directors, officers, employees, agents, and other representatives who act in accordance with the authority granted in proposed law from all civil and administrative liability.

Proposed law provides that the provisions of proposed law shall be applicable to savings and loan associations chartered under the Louisiana Savings and Loan Association Law in the same manner as they are applicable to state banks.

Proposed law provides that the provisions of R.S. 6:320 through 328 relative to safety deposit boxes and safekeeping shall be applicable to savings banks chartered under the provisions of the Louisiana Savings Bank Act of 1990 in the same manner as they are applicable to state banks.

Proposed law specifies that credit unions dispose of the contents of abandoned safety deposit boxes in the same manner prescribed in proposed law.

Effective August 1, 2020.

(Amends R.S. 6:327(B) and (C) and 659.2; adds R.S. 6:320, 327.1, 771, and 1142)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the original bill

1. Adds provisions allowing a lessee of a safety deposit box to designate up to two persons who the bank must contact if the box becomes abandoned and requires the lessee to give the contact information of the designated persons.
2. Adds provisions requiring the bank to send notice to the designated persons that the bank is holding the contents of the abandoned safety box.
3. Adds an exception that military medals and associated documents cannot be destroyed.
4. Adds provisions relative to an independent valuation of safety deposit box contents and provides for the sale requirements of the contents.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Make technical corrections.
2. Make provisions regarding disposition of abandoned safety deposit box content applicable to credit unions.
3. Clarify provisions relative to disposition of firearms.