

# HOUSE BILL REPORTS

## SSB 6348

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*As Reported By House Committee on:  
Financial Institutions & Insurance*

**Title:** An act relating to reimbursement for producing financial institutions records.

**Brief Description:** Reimbursing financial institutions for producing records.

**Sponsor(s):** Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators von Reichbauer, Vognild and Sellar).

**Brief History:**

Reported by House Committee on:  
Financial Institutions & Insurance, February 28, 1992,  
DPA.

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**HOUSE COMMITTEE ON  
FINANCIAL INSTITUTIONS & INSURANCE**

**Majority Report:** *Do pass as amended.* Signed by 13 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

**Staff:** John Conniff (786-7119).

**Background:** Financial institutions respond to a variety of requests for the production of bank records. The request may be made by parties to civil litigation, by prosecutors in criminal proceedings, by administrative agencies for purposes of determining eligibility for benefits or solvency of a regulated entity, or by customers of the institution. Under some circumstances, the institution may be entitled to reimbursement for the production of records. For example, under the Criminal Profiteering statute, a financial institution that produces records requested by a prosecutor is entitled to reasonable costs as determined by the court. In addition, the institution usually charges its customers for the production of some records, e.g. a fee for a copy of a canceled check.

**Summary of Amended Bill:** All financial institutions and consumer loan companies are entitled to receive from the

party requesting production of records, the reasonable cost of producing these records only when the cost of production exceeds \$25. The minimum fee for production of records is that allowed by the federal Internal Revenue Service (IRS) for reimbursement when responding to an IRS summons.

No fee may be charged when the financial institution or lender is a party to the proceeding nor may a fee be charged when the request is made by the primary state regulator of the institution.

**Amended Bill Compared to Substitute Bill:** Technical corrections are made; a standard is adopted for determining a reasonable fee for production of records; and no fee may be charged for production of records requested by the institution's primary state regulator or for production of records when the institution is a party to the proceeding.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Financial institutions incur substantial costs in complying with government and private party requests for records. These costs are particularly burdensome for small institutions. Requiring payment for production of records when costs exceed \$25 will deter "fishing" expeditions whereby agencies search hundreds of documents hoping to find illegal activity.

**Testimony Against:** If prosecutors and law enforcement officials are required to pay for financial institution records, small cases will not be pursued because fiscal resources must be devoted to larger problems. Some criminal cases could result in substantial costs to local law enforcement agencies already suffering from lack of funding.

**Witnesses:** (Pro) Trevor R. Sandison, Washington Bankers Association; (con) Michael C. Redman, Washington Association of Prosecuting Attorneys; and Mike Patrick, Washington State Council of Police Officers.