



NEW YORK STATE SENATOR

Tony Avella

Senator Avella Introduces New Bill Aimed at Stricter Oversight Over Bank Branch Closures

TONY AVELLA June 30, 2014

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ell Boulevard, Suite C • Bayside, NY 11361 • (718) 357-309

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The bill was introduced in response to local Capital One branch closing earlier last year without any input from local residents

(HOLLIS, Queens) On Friday, June 27th, Senator Tony Avella was joined by Hollis residents at a press conference to announce new State Legislation he recently introduced to provide stricter oversight of federally-chartered banks by the State Department of Financial Services (DFS).

The bill comes on the heels of a recent Capital One branch closure, which occurred earlier last year without any input from local residents or statistics on the economical impact this may cause. Currently, federally-chartered banks are only required to provide a 90 day notice to its customers prior to the closure, without much oversight from State DFS.

However, DFS plays a much larger role in the planned closure of state-chartered bank branches, by obtaining comprehensive information, including alternatives availability, economic impact, and input from local community groups where a branch closing is planned.

To address this inequity, Senator Avella introduced legislation that would allow DFS to maintain the same amount of authority over federally-chartered banks in order to minimize the negative and severe effects that bank branch closures impose on the local community. The bill currently sits in the Senate's Banks Committee.

"State-chartered banks, under current law, have a much more complicated review process that they must undergo when planning to close a branch," said Senator Tony Avella. "Unfortunately, the same rules do not apply to federally-chartered banks, such as Capital One which dismissed the community's opposition to the closure. That's unacceptable. If any bank settles into a community, establishes relationships, and takes their money, there should be more accountability when that branch decides to close. That is why the legislation that I introduced would require federally-chartered banks to go under the same review process that state-chartered banks go through. Prior to closing, the federally-chartered banks would have to provide much more notice to the State which, in turn would have to perform a complete review of why the bank wants to leave, what the financial impact will be on their customers, and also, what is the financial impact on the neighborhood. I have already spoken to the Chairman of the Banks committee about this legislation and hopefully we can move this bill during next year's legislative session."

Mr. Asim Deen, a constituent who originally brought this issue to the Senator's attention last year, has worked with residents in the neighborhood on this issue and obtained over 200 signatures urging Capital One not to close at this location.

He stated, "We cannot afford to lose our institutions, such as local bank branches because they attract people into the neighborhood which we worked tirelessly to revive. And when the bank decided to close, it caused this community a great inconvenience. Many of us have accounts in this bank and now we have to travel a great deal for our banking business. There is no convenience anymore, especially for senior citizens or those who do not drive. Where it used to take half hour to do something at the bank, it now takes approximately 2 hours to complete our banking. That is totally wrong. We need to hold these banks accountable. That is why we have taken up this matter with this bank or any other bank, to say that they cannot come in the neighborhood and set up shop, and then just leave – our Senator has introduced legislation that would try to stop that. Let us all stick together, as a collective group to try and keep these businesses where they belong and serve the community in the right way."