

State of Connecticut

# LAWS

Relating to

## ADVANCE RENTAL PAYMENT. SECURITY DEPOSITS

Chapter 831 of the Connecticut General Statutes

Revised to July 1, 2016



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Banking Commissioner

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## CHAPTER 831\*

### ADVANCE RENTAL PAYMENT. SECURITY DEPOSITS

\*Landlord and tenant act (Secs. 47a-1 through 47a-61) cited. 13 CA 1.

This chapter and chapter 830 were passed to aid residential apartment dwellers and do not apply to commercial leases. 36 CS 611.

**Sec. 47a-21. Security deposits.** (a) **Definitions.** As used in this chapter:

(1) “Accrued interest” means the interest due on a security deposit as provided in subsection (i) of this section, compounded annually to the extent applicable.

(2) “Commissioner” means the Banking Commissioner.

(3) “Escrow account” means any account at a financial institution which is not subject to execution by the creditors of the escrow agent and includes a clients’ funds account.

(4) “Escrow agent” means the person in whose name an escrow account is maintained.

(5) “Financial institution” means any state bank and trust company, national bank, savings bank, federal savings bank, savings and loan association, and federal savings and loan association that is located in this state.

(6) “Forwarding address” means the address to which a security deposit may be mailed for delivery to a former tenant.

(7) “Landlord” means any landlord of residential real property, and includes (A) any receiver; (B) any successor; and (C) any tenant who sublets his premises.

(8) “Receiver” means any person who is appointed or authorized by any state, federal or probate court to receive rents from tenants, and includes trustees, executors, administrators, guardians, conservators, receivers, and receivers of rent.

(9) “Rent receiver” means a receiver who lacks court authorization to return security deposits and to inspect the premises of tenants and former tenants.

(10) “Residential real property” means real property containing one or more residential units, including residential units not owned by the landlord, and containing one or more tenants who paid a security deposit.

(11) “Security deposit” means any advance rental payment, except an advance payment for the first month’s rent or a deposit for a key or any special equipment.

(12) “Successor” means any person who succeeds to a landlord’s interest whether by purchase, foreclosure or otherwise and includes a receiver.

(13) “Tenant” means a tenant, as defined in section 47a-1, or a resident, as defined in section 21-64.

(14) “Tenant’s obligations” means (A) the amount of any rental or utility payment due the landlord from a tenant; and (B) a tenant’s obligations under the provisions of section 47a-11.

(b) **Amount of security deposit.** (1) In the case of a tenant under sixty-two years of age, a landlord shall not demand a security deposit in an amount that exceeds two months’ rent.

(2) In the case of a tenant sixty-two years of age or older, a landlord shall not demand a security deposit in an amount that exceeds one month’s rent.

(c) **Exemption from attachment and execution. Assignment to successor.** Any security deposit paid by a tenant shall remain the property of such tenant in which the landlord shall have a security interest, as defined in subdivision (35) of subsection (b) of section 42a-1-201, to secure such tenant’s obligations. A security deposit shall be exempt from attachment and execution by the creditors of the landlord and shall not be considered part of the estate of the landlord in any legal proceeding. Any voluntary or involuntary transfer of a landlord’s interest in residential real property to a successor shall constitute an assignment to such successor of such landlord’s security interest in all security deposits paid by tenants of such transferred residential real property.

(d) **Payment of security deposit and interest at termination of tenancy.** (1) Not later than the time specified in subdivision (2) of this subsection, the person who is the landlord at the time a tenancy is terminated, other than a rent receiver, shall pay to the tenant or former tenant: (A) The amount of any security deposit that was deposited by the tenant with the person who was landlord at the time such security deposit

was deposited less the value of any damages that any person who was a landlord of such premises at any time during the tenancy of such tenant has suffered as a result of such tenant's failure to comply with such tenant's obligations; and (B) any accrued interest. If the landlord at the time of termination of a tenancy is a rent receiver, such rent receiver shall return security deposits in accordance with the provisions of subdivision (3) of this subsection.

(2) Upon termination of a tenancy, any tenant may notify the landlord in writing of such tenant's forwarding address. Not later than thirty days after termination of a tenancy or fifteen days after receiving written notification of such tenant's forwarding address, whichever is later, each landlord other than a rent receiver shall deliver to the tenant or former tenant at such forwarding address either (A) the full amount of the security deposit paid by such tenant plus accrued interest, or (B) the balance of such security deposit and accrued interest after deduction for any damages suffered by such landlord by reason of such tenant's failure to comply with such tenant's obligations, together with a written statement itemizing the nature and amount of such damages. Any landlord who violates any provision of this subsection shall be liable for twice the amount of any security deposit paid by such tenant, except that, if the only violation is the failure to deliver the accrued interest, such landlord shall be liable for ten dollars or twice the amount of the accrued interest, whichever is greater.

(3) (A) Any receiver who is authorized by a court to return security deposits and to inspect the premises of any tenant shall pay security deposits and accrued interest in accordance with the provisions of subdivisions (1) and (2) of this subsection from the operating income of such receivership to the extent that any such payments exceed the amount in any escrow accounts for such tenants. (B) Any rent receiver shall present any claim by any tenant for return of a security deposit to the court which authorized the rent receiver. Such court shall determine the validity of any such claim and shall direct such rent receiver to pay from the escrow account or from the operating income of such property the amount due such tenant as determined by such court.

**(e) Liability of receiver and successor to landlord's interest in property re payment of security deposit.** A successor, other than a receiver, shall be liable for the claims of tenants of such property for return of any part of such security deposit which is or becomes due to such tenant during the time such successor is a landlord. A receiver's liability for payment of security deposits and interest under this section shall be limited to the balance in any escrow account for such tenants maintained by such receiver in such receivership in accordance with subsection (h) of this section and to the operating income generated in such receivership.

(f) **Nonresident landlord.** Any landlord who is not a resident of this state shall appoint in writing the Secretary of the State as the landlord's attorney upon whom all process in any action or proceeding against such landlord may be served.

(g) **Action to reclaim security deposit.** Any person may bring an action in replevin or for money damages in any court of competent jurisdiction to reclaim any part of such person's security deposit which may be due. This section does not preclude the landlord or tenant from recovering other damages to which the landlord or tenant may be entitled.

(h) **Escrow deposit.** (1) Each landlord shall immediately deposit the entire amount of any security deposit received by such landlord from each tenant into one or more escrow accounts established or maintained in a financial institution for the benefit of each tenant. Each landlord shall maintain each such account as escrow agent and shall not withdraw funds from such account except as provided in subdivision (2) of this subsection.

(2) The escrow agent may withdraw funds from an escrow account to: (A) Disburse the amount of any security deposit and accrued interest due to a tenant pursuant to subsection (d) of this section; (B) disburse interest to a tenant pursuant to subsection (i) of this section; (C) make a transfer of the entire amount of certain security deposits pursuant to subdivision (3) of this subsection; (D) retain interest credited to the account in excess of the amount of interest payable to the tenant under subsection (i) of this section; (E) retain all or any part of a security deposit and accrued interest after termination of tenancy equal to the damages suffered by the landlord by reason of the tenant's failure to comply with such tenant's obligations; (F) disburse all or any part of the security deposit to a tenant at any time during tenancy; or (G) transfer such funds to another financial institution or escrow account, provided such funds remain continuously in an escrow account.

(3) (A) Whenever any real estate is voluntarily or involuntarily transferred from a landlord, other than a receiver, to a successor, including a receiver, such landlord shall withdraw from the escrow account and deliver to the successor the entire amount of security deposits paid by tenants of the property being transferred, plus any interest accrued pursuant to subsection (i) of this section. If at the time of transfer of such real estate the funds in such account are commingled with security deposits paid by tenants in real estate not being transferred to such successor, and if at such time the funds in such account are less than the amount of security deposits paid by all tenants whose security deposits are contained in such account, such landlord shall deliver to such successor a pro rata share of security deposits paid by tenants of the real estate being transferred to such successor. (B) Whenever any real

estate is transferred from a receiver to a successor, such receiver shall dispose of the escrow accounts as ordered by the court which appointed such receiver. The order of such court shall provide for the priority of the present and future rights of tenants to security deposits paid by them over the rights of any secured or unsecured creditor of any person and shall provide that the funds in such account shall be delivered to the successor of such receiver for immediate deposit in an escrow account for tenants who paid security deposits.

(4) (A) The landlord shall provide each tenant with a written notice stating the amount held for the benefit of the tenant and the name and address of the financial institution at which the tenant's security deposit is being held not later than thirty days after the landlord receives a security deposit from the tenant or the tenant's previous landlord or transfers the security deposit to another financial institution or escrow account. (B) If the commissioner makes a written request to the landlord for any information related to a tenant's security deposit, including the name of each financial institution in which any escrow account is maintained and the account number of each escrow account, the landlord shall provide such information to the commissioner not later than seven days after the request is made.

(i) **Payment of interest on security deposits.** On and after July 1, 1993, each landlord other than a landlord of a residential unit in any building owned or controlled by any educational institution and used by such institution for the purpose of housing students of such institution and their families, and each landlord or owner of a mobile manufactured home or of a mobile manufactured home space or lot or park, as such terms are defined in subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each security deposit received by such landlord at a rate of not less than the average rate paid, as of December 30, 1992, on savings deposits by insured commercial banks as published in the Federal Reserve Board Bulletin rounded to the nearest one-tenth of one percentage point, except in no event shall the rate be less than one and one-half per cent. On and after January 1, 1994, the rate for each calendar year shall be not less than the deposit index, determined under this section as it was in effect during such year. On and after January 1, 2012, the rate for each calendar year shall be not less than the deposit index, as defined in section [38 of Public Act 16-65], for that year. On the anniversary date of the tenancy and annually thereafter, such interest shall be paid to the tenant or resident or credited toward the next rental payment due from the tenant or resident, as the landlord or owner shall determine. If the tenancy is terminated before the anniversary date of such tenancy, or if the landlord or owner returns all or part of a security deposit prior to termination of the tenancy, the landlord or owner shall pay the accrued interest to the tenant or resident not later than thirty days after such termination or return. Interest shall not be paid to a tenant for any month in

which the tenant has been delinquent for more than ten days in the payment of any monthly rent, unless the landlord imposes a late charge for such delinquency. No landlord shall increase the rent due from a tenant because of the requirement that the landlord pay on interest the security deposit.

**(j) Investigation of complaints by commissioner. Order.**

**Enforcement. Regulations.** (1) Except as provided in subdivision (2) of this subsection, the commissioner may receive and investigate complaints regarding any alleged violation of subsections (b), (d), (h) or (i) of this section. For the purposes of such investigation, any person who is or was a landlord shall be subject to the provisions of section 36a-17. If the commissioner determines that any landlord has violated any provision of this section over which the commissioner has jurisdiction, the commissioner may, in accordance with section 36a-52, order such person to cease and desist from such practices and to comply with the provisions of this section.

(2) The commissioner shall not have jurisdiction over (A) the failure of a landlord to pay interest to a tenant annually under subsection (i) of this section, or (B) the refusal or other failure of the landlord to return all or part of the security deposit if such failure results from the landlord's good faith claim that such landlord has suffered damages as a result of a tenant's failure to comply with such tenant's obligations, regardless of whether the existence or amount of the alleged damages is disputed by the tenant. For purposes of this section, "good faith claim" means a claim for actual damages suffered by the landlord for which written notification of such damages has been provided to the tenant in accordance with the provisions of subdivision (2) of subsection (d) of this section.

(3) The commissioner may adopt regulations, in accordance with chapter 54, to carry out the purposes of this section.

**(k) Penalties.** (1) Any person who is a landlord at the time of termination of a tenancy and who knowingly and wilfully fails to pay all or any part of a security deposit when due shall be subject to a fine of not more than two hundred fifty dollars for each offense, provided it shall be an affirmative defense under this subdivision that such failure was caused by such landlord's good faith belief that he was entitled to deduct the value of damages he has suffered as a result of such tenant's failure to comply with such tenant's obligations.

(2) Any person who knowingly and wilfully violates the provisions of subsection (h) of this section on or after October 1, 1979, shall be subject to a fine of not more than five hundred dollars or imprisonment of not more than thirty days or both for each offense. It shall be an affirmative defense under the provisions of this subdivision that at the time of the offense, such

person leased residential real property to fewer than four tenants who paid a security deposit.

(3) Any person who is a landlord at the time an interest payment is due under the provisions of subsection (i) of this section and who knowingly and willfully violates the provisions of such subsection shall be subject to a fine of not more than one hundred dollars for each offense.

(4) No financial institution shall be liable for any violation of this section except for any violation in its capacity as a landlord.

(1) **Rights not limited.** Nothing in this section shall be construed as a limitation upon: (1) The power or authority of the state, the Attorney General or the commissioner to seek administrative, legal or equitable relief permitted by the general statutes or at common law; or (2) the right of any tenant to bring a civil action permitted by the general statutes or at common law.

**Sec. 47a-22a. Security deposits of senior citizens and disabled persons in public housing, interest payable.** Any housing authority, community housing development corporation, or other corporation approved by the Commissioner of Social Services for state financial assistance to provide public housing for senior citizens and disabled persons under the provisions of part VI or VII of chapter 128 shall return any security deposit with interest at a rate of not less than four per cent per annum and, on and after October 1, 1982, at a rate of not less than five and one-quarter per cent per annum, to any tenant who has resided in such housing for at least one year.

**Public Act 16-65,  
An Act Concerning Banking and Consumer Protections**

Sec. 38. (NEW) (*Effective July 1, 2016*) The Banking Commissioner shall determine the deposit index for each calendar year and publish such deposit index in the Department of Banking's news bulletin and on the department's Internet web site not later than December fifteenth of the prior year. The commissioner may also disseminate the deposit index and any information the commissioner deems appropriate in a manner designed to alert the parties that may rely on the deposit index, including the issuance of press releases and public service announcements, the encouragement of news stories in the mass media and the posting of conspicuous notices at financial institutions. For purposes of this section, "deposit index" means (1) the average of the national rates for savings deposits and money market deposits for the last

week in November of the prior year, as published by the Federal Deposit Insurance Corporation in accordance with 12 CFR 337.6, as amended from time to time, or (2) if said corporation no longer publishes such rates, the average of substantially similar national rates for the last week in November of the prior year as published by a federal banking agency.

## CHAPTER 830\*

### RIGHTS AND RESPONSIBILITIES OF LANDLORD AND TENANT

**Sec. 47a-1. Definitions.** As used in this chapter and sections 47a-21, 47a-23 to 47a-23c, inclusive, 47a-26a to 47a-26g, inclusive, 47a-35 to 47a-35b, inclusive, 47a-41a, 47a-43 and 47a-46:

(a) “Action” includes recoupment, counterclaim, set-off, cause of action and any other proceeding in which rights are determined, including an action for possession.

(b) “Building and housing codes” include any law, ordinance or governmental regulation concerning fitness for habitation or the construction, maintenance, operation, occupancy, use or appearance of any premises or dwelling unit.

(c) “Dwelling unit” means any house or building, or portion thereof, which is occupied, is designed to be occupied, or is rented, leased or hired out to be occupied, as a home or residence of one or more persons.

(d) “Landlord” means the owner, lessor or sublessor of the dwelling unit, the building of which it is a part or the premises.

(e) “Owner” means one or more persons, jointly or severally, in whom is vested (1) all or part of the legal title to property, or (2) all or part of the beneficial ownership and a right to present use and enjoyment of the premises and includes a mortgagee in possession.

(f) “Person” means an individual, corporation, limited liability company, the state or any political subdivision thereof, or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, and any other legal or commercial entity.

(g) “Premises” means a dwelling unit and the structure of which it is a part and facilities and appurtenances therein and grounds, areas and facilities held out for the use of tenants generally or whose use is promised to the tenant.

(h) “Rent” means all periodic payments to be made to the landlord under the rental agreement.

(i) “Rental agreement” means all agreements, written or oral, and valid rules and regulations adopted under section 47a-9 or subsection (d) of section 21-70 embodying the terms and conditions concerning the use and occupancy of a dwelling unit or premises.

(j) “Roomer” means a person occupying a dwelling unit, which unit does not include a refrigerator, stove, kitchen sink, toilet and shower or bathtub and one or more of these facilities are used in common by other occupants in the structure.

(k) “Single-family residence” means a structure maintained and used as a single dwelling unit. Notwithstanding that a dwelling unit shares one or more walls with another dwelling unit or has a common parking facility, it is a single-family residence if it has direct access to a street or thoroughfare and does not share heating facilities, hot water equipment or any other essential facility or service with any other dwelling unit.

(l) “Tenant” means the lessee, sublessee or person entitled under a rental agreement to occupy a dwelling unit or premises to the exclusion of others or as is otherwise defined by law.

(m) “Tenement house” means any house or building, or portion thereof, which is rented, leased or hired out to be occupied, or is arranged or designed to be occupied, or is occupied, as the home or residence of three or more families, living independently of each other, and doing their cooking upon the premises, and having a common right in the halls, stairways or yards.

**Sec. 47a-4. Terms prohibited in rental agreement.** (a) A rental agreement shall not provide that the tenant: (1) Agrees to waive or forfeit rights or remedies under this chapter and sections 47a-21, 47a-23 to 47a-23b, inclusive, 47a-26 to 47a-26g, inclusive, 47a-35 to 47a-35b, inclusive, 47a-41a, 47a-43 and 47a-46, or under any section of the general statutes or any municipal ordinance unless such section or ordinance expressly states that such rights may be waived; (2) authorizes the landlord to confess judgment on a claim arising out of the rental agreement; (3) agrees to the exculpation

or limitation of any liability of the landlord arising under law or to indemnify the landlord for that liability or the costs connected therewith; (4) agrees to waive his right to the interest on the security deposit pursuant to section 47a-21; (5) agrees to permit the landlord to dispossess him without resort to court order; (6) consents to the distraint of his property for rent; (7) agrees to pay the landlord's attorney's fees in excess of fifteen per cent of any judgment against the tenant in any action in which money damages are awarded; (8) agrees to pay a late charge prior to the expiration of the grace period set forth in section 47a-15a or to pay rent in a reduced amount if such rent is paid prior to the expiration of such grace period; or (9) agrees to pay a heat or utilities surcharge if heat or utilities is included in the rental agreement.

(b) A provision prohibited by subsection (a) of this section included in a rental agreement is unenforceable.

**Sec. 47a-4a. Effect of failure to comply with section 47a-7.** A rental agreement shall not permit the receipt of rent for any period during which the landlord has failed to comply with subsection (a) of section 47a-7.

**Sec. 47a-7. Landlord's responsibilities.** (a) A landlord shall: (1) Comply with the requirements of chapter 368o and all applicable building and housing codes materially affecting health and safety of both the state or any political subdivision thereof; (2) make all repairs and do whatever is necessary to put and keep the premises in a fit and habitable condition, except where the premises are intentionally rendered unfit or uninhabitable by the tenant, a member of his family or other person on the premises with his consent, in which case such duty shall be the responsibility of the tenant; (3) keep all common areas of the premises in a clean and safe condition; (4) maintain in good and safe working order and condition all electrical, plumbing, sanitary, heating, ventilating and other facilities and appliances and elevators, supplied or required to be supplied by him; (5) provide and maintain appropriate receptacles for the removal of ashes, garbage, rubbish and other waste incidental to the occupancy of the dwelling unit and arrange for their removal; and (6) supply running water and reasonable amounts of hot water at all times and reasonable heat except if the building which includes the dwelling unit is not required by law to be equipped for that purpose or if the dwelling unit is so constructed that heat or hot water is generated by an installation within the exclusive control of the tenant or supplied by a direct public utility connection.

(b) If any provision of any municipal ordinance, building code or fire code requires a greater duty of the landlord than is imposed under subsection

(a) of this section, then such provision of such ordinance or code shall take precedence over the provision requiring such lesser duty in said subsection.

(c) The landlord and tenant of a single-family residence may agree in writing that the tenant perform the landlord's duties specified in subdivisions (5) and (6) of subsection (a) and also specified repairs, maintenance tasks, alterations, or remodeling, provided the transaction is entered into in good faith and not for the purpose of evading the obligations of the landlord.

(d) The landlord and tenant of a dwelling unit other than a single-family residence may agree that the tenant is to perform specified repairs, maintenance tasks, alterations or remodeling if (1) the agreement of the parties is entered into in good faith; (2) the agreement is in writing; (3) the work is not necessary to cure noncompliance with subdivisions (1) and (2) of subsection (a) of this section; and (4) the agreement does not diminish or affect the obligation of the landlord to other tenants in the premises.

**Sec. 47a-11. Tenant's responsibilities.** A tenant shall: (a) Comply with all obligations primarily imposed upon tenants by applicable provisions of any building, housing or fire code materially affecting health and safety; (b) keep such part of the premises that he occupies and uses as clean and safe as the condition of the premises permit; (c) remove from his dwelling unit all ashes, garbage, rubbish and other waste in a clean and safe manner to the place provided by the landlord pursuant to subdivision (5) of subsection (a) of section 47a-7; (d) keep all plumbing fixtures and appliances in the dwelling unit or used by the tenant as clean as the condition of each such fixture or appliance permits; (e) use all electrical, plumbing, sanitary, heating, ventilating, air conditioning and other facilities and appliances, including elevators, in the premises in a reasonable manner; (f) not willfully or negligently destroy, deface, damage, impair or remove any part of the premises or permit any other person to do so; (g) conduct himself and require other persons on the premises with his consent to conduct themselves in a manner that will not disturb his neighbors' peaceful enjoyment of the premises or constitute a nuisance, as defined in section 47a-32, or a serious nuisance, as defined in section 47a-15; and (h) if judgment has entered against a member of the tenant's household pursuant to subsection (c) of section 47a-26h for serious nuisance by using the premises for the illegal sale of drugs, not permit such person to resume occupancy of the dwelling unit, except with the consent of the landlord.

**Sec. 47a-15a. Nonpayment of rent by tenant: Landlord's remedy.** If rent is unpaid when due and the tenant fails to pay rent within nine days thereafter or, in the case of a one-week tenancy, within four days thereafter,

the landlord may terminate the rental agreement in accordance with the provisions of sections 47a-23 to 47a-23b, inclusive.

## **CHAPTER 664a**

### **ADMINISTRATION AND ENFORCEMENT**

#### **PART I**

#### **BANKING COMMISSIONER. DEPARTMENT OF BANKING. ADMINISTRATION AND ENFORCEMENT**

**Sec. 36a-17. Investigations and examinations. Electronic data processing servicers. Subpoenas. Production of records.** (a) The commissioner, in the commissioner's discretion, may, subject to the provisions of section 36a-21 and the Freedom of Information Act, as defined in section 1-200; (1) make such public or private investigations or examinations within or outside this state, concerning any person subject to the jurisdiction of the commissioner, as the commissioner deems necessary to carry out the duties of the commissioner, (2) require or permit any person to testify, produce a record or file a statement in writing, under oath, or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter to be investigated or about which an action or proceeding is pending, and (3) publish information concerning any violation of any provision of the general statutes within the jurisdiction of the commissioner or any regulation or order adopted or issued under such provision.

(b) Any Connecticut bank, Connecticut credit union or Connecticut credit union service organization which causes or has caused any electronic data processing services to be performed for such bank, credit union or credit union service organization either on or off its premises by an electronic data processing servicer shall enter into a written contract with such servicer. Such contract shall specify the duties and responsibilities of the bank, credit union or credit union service organization and such servicer and provide that such servicer shall allow the commissioner to examine such servicer's books, records and computer systems in accordance with this subsection, if required by the commissioner. The Connecticut bank, Connecticut credit union or Connecticut credit union service organization shall promptly notify the commissioner of any material change in its electronic data processing

services. In the case of a material change which triggers a notice requirement under 12 USC 1867, a Connecticut bank may satisfy the notice requirements of this subsection by providing the commissioner with a copy of the notice provided to the Federal Deposit Insurance Corporation under 12 USC 1867. The commissioner may examine the books, records and computer systems of any electronic data processing servicer that performs electronic data processing services for a Connecticut bank, Connecticut credit union or Connecticut credit union service organization, if such services substantially impact the operations of the Connecticut bank, Connecticut credit union or Connecticut credit union service organization as determined by the commissioner, in order to (1) determine whether such servicer has the capacity to protect the customer information of such bank, credit union or credit union service organization, and (2) assess such servicer's potential for continued service. The commissioner may assess a fee of one hundred fifty dollars per day plus costs for each examiner who conducts such examination, the total cost of which the commissioner may allocate on a pro rata basis to all Connecticut banks, Connecticut credit unions and Connecticut credit union service organizations under contract with such servicer.

(c) For the purpose of any investigation, examination or proceeding under this title the commissioner may administer oaths and affirmations, subpoena witnesses, compel attendance of witnesses, take evidence, require written statements and require the production of any records which the commissioner deems relevant or material. The commissioner may require that certified copies of any such records be provided to the commissioner at the commissioner's office. The commissioner may issue subpoenas in this state at the request of another state, provided (1) the activities concerning which the information is sought would constitute a basis for an investigation, examination or proceeding under this title had such activities occurred in this state, and (2) such other state has reciprocal legal authority to issue subpoenas in such state on behalf of the commissioner.

(d) Any person who is the subject of any such investigation, examination or proceeding shall make its records available to the commissioner in readable form; provide personnel and equipment necessary, including, but not limited to, assistance in the analysis of computer-generated records; provide copies or computer printouts of records when so requested; furnish unrestricted access to all areas of its principal place of business or wherever records may be located; and otherwise cooperate with the commissioner.

(e) The superior court for the judicial district of Hartford, upon application of the commissioner, may issue to any person refusing to obey a subpoena issued pursuant to subsection (c) of this section an order requiring

that person to appear before the commissioner or any officer designated by the commissioner to produce records so ordered or to give evidence concerning the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

(f) As used in this section, “records” includes, but is not limited to, books, papers, correspondence, memoranda, agreements, diaries, logs, notes, ledgers, journals, visual, audio, magnetic or electronic recordings, computer printouts and software, and any other documents.

## PART IV

### VIOLATIONS OF THE BANKING LAWS

**Sec. 36a-50. Enforcement action. Notice and hearing. Civil penalty. Injunction, restraining order and writ. Restitution and disgorgement.**

**Costs.** (a)(1) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending. Any such notice shall include: (A) A statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (D) a short and plain statement of the matters asserted; (E) the maximum penalty that may be imposed for such violation; and (F) a statement indicating that such person may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice.

(2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such person fails to appear at the hearing. After the hearing, if the commissioner finds that the person has violated any such provision, regulation, rule or order, the commissioner may, in the commissioner’s discretion and in addition to any other remedy authorized by law, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person. If such person does not request a hearing within

the time specified in the notice or fails to appear at the hearing, the commissioner may, as the facts require, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person.

(3) Each action undertaken by the commissioner under this subsection shall be in accordance with the provisions of chapter 54.

(b) Whenever it appears to the commissioner that any such person has violated, is violating or is about to violate any such provision, regulation, rule or order, the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by law: (1) Bring an action in the superior court for the judicial district of Hartford to enjoin the acts or practices and to enforce compliance with any such provision, regulation, rule or order. Upon a proper showing, a permanent or temporary injunction, restraining order or writ of mandamus shall be granted and a receiver or conservator may be appointed for such person or such person's assets. The court shall not require the commissioner to post a bond; (2) seek a court order imposing a penalty not to exceed one hundred thousand dollars per violation against any such person found to have violated any such provision, regulation, rule or order; or (3) apply to the superior court for the judicial district of Hartford for an order of restitution whereby such person shall be ordered to make restitution of any sums shown by the commissioner to have been obtained by such person in violation of any such provision, regulation, rule or order, plus interest at the rate set forth in section 37-3a. Such restitution shall, at the option of the court, be payable to the receiver or conservator appointed pursuant to this subsection, or directly to the person whose assets were obtained in violation of any such provision, regulation, rule or order. Whenever the commissioner prevails in any action brought under this subsection, the court may allow to the state its costs.

(c) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued under such provisions, the commissioner may, in addition to any other remedy authorized by law, order such person to (1) make restitution of any sums shown to have been obtained in violation of any such provision, regulation, rule or order plus interest at the legal rate set forth in section 37-1; (2) provide disgorgement of any sums shown to have been obtained in violation of any such provision, regulation, rule or order; or (3) both make restitution and provide disgorgement in accordance with subdivisions (1) and (2) of this subsection. After the commissioner issues such an order, the person named in the order may, not later than fourteen days after the receipt of such order, file a written request for a hearing. The order shall be deemed received by the person on the earlier of the date of actual receipt or seven

days after mailing or sending. Any such hearing shall be held in accordance with the provisions of chapter 54.

(d) The provisions of this section shall not apply to chapters 672a, 672b and 672c.

**Sec. 36a-52. Cease and desist orders.** (a) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule, or order adopted or issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt, or seven days after mailing or sending. Any such notice shall include: (1) A statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice, unless the person fails to appear at the hearing. After the hearing, the commissioner shall determine whether an order to cease and desist should be issued against the person named in the notice. If the person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner shall issue an order to cease and desist against the person. No such order shall be issued except in accordance with the provisions of chapter 54.

(b) If the commissioner finds that the public welfare requires immediate action, the commissioner may incorporate a finding to that effect in the notice sent in accordance with subsection (a) of this section and issue a temporary order requiring the person to cease and desist from the activity which constitutes such alleged violation and to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section. Such temporary order shall become effective on receipt and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

(c) In the event that a party requests a continuance of the hearing and such request is granted by the presiding officer, the commissioner, in the

commissioner's discretion, shall thereupon issue a temporary cease and desist order effective upon issuance. The issuance of such a temporary cease and desist order does not require a finding that the public welfare requires immediate action.

(d) Within five days of receipt of a temporary order issued pursuant to this section, any person named therein may apply to the superior court for the judicial district of Hartford for an injunction setting aside, limiting or suspending the enforcement, operation or effectiveness of such order pending final determination by the commissioner, and the court shall have jurisdiction to issue such injunction.