

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1235

---

AN ACT to amend the Indiana Code concerning financial institutions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 4-32.2-1-1, AS AMENDED BY P.L.95-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) This article applies only to a qualified organization.

(b) This article applies only to the following approved gambling events conducted as fundraising activities by qualified organizations:

(1) Bingo events, charity game nights, door prize events, raffle events, festivals, and other gaming events approved by the commission.

(2) The sale of pull tabs, punchboards, and tip boards:

(A) at bingo events, charity game nights, door prize events, raffle events, and festivals conducted by qualified organizations; or

(B) at any time on the premises owned or leased by a qualified organization and regularly used for the activities of the qualified organization.

This article does not apply to any other sale of pull tabs, punchboards, and tip boards.

(c) This article does not apply to a promotion offer subject to IC 24-8.

(d) This article does not apply to the following:

**HEA 1235 — CC 1**



- (1) A type II gambling game authorized by IC 4-36.
- (2) A raffle or other gambling game authorized by IC 4-36-5-1(b).

**(e) This article does not apply to a prize linked savings program that:**

**(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or**

**(2) is:**

**(A) offered or conducted by a credit union organized or reorganized under United States law; and**

**(B) conducted in the same manner as a prize linked savings program under IC 28-1-23.2.**

SECTION 2. IC 24-8-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **(a)** This article applies to a promotion offer made:

- (1) by a person in Indiana; or
- (2) to a person in Indiana.

**(b) This article does not apply to a prize linked savings program that:**

**(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or**

**(2) is:**

**(A) offered or conducted by a credit union organized or reorganized under United States law; and**

**(B) conducted in the same manner as a prize linked savings program under IC 28-1-23.2.**

SECTION 3. IC 28-1-23.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 23.2. Prize Linked Savings Programs**

**Sec. 1.** As used in this chapter, "director" refers to the director of the department of financial institutions.

**Sec. 2.** As used in this chapter, "eligible depository financial institution" means a credit union that is organized or reorganized under Indiana law with the express power to receive and accept deposits of money subject to withdrawal by any of the methods set forth in IC 28-1-23-16.

**Sec. 3.** As used in this chapter, "eligible individual", with respect to a prize linked savings program, means an individual who:

- (1) is at least eighteen (18) years of age;
- (2) is a member of the eligible depository financial institution conducting the prize linked savings program; and



(3) maintains a qualified account with the eligible depository financial institution conducting the prize linked savings program.

**Sec. 4. (a) As used in this chapter, "qualified account", for purposes of a prize linked savings program, means:**

- (1) a savings account;
- (2) a time deposit; or
- (3) a savings program;

**that is offered by an eligible depository financial institution to an eligible individual.**

**(b) The term includes:**

- (1) an account described in subsection (a) that is a share account; and
- (2) an account described in subsection (a) in which an eligible individual has an interest:
  - (A) individually; or
  - (B) jointly with another eligible individual.

**Sec. 5. (a) As used in this chapter, "qualified financial program", for purposes of a prize linked savings program, means any savings, debt reduction, or financial education program or product that an eligible depository financial institution offers to eligible individuals for the purpose of:**

- (1) educating eligible individuals in the concepts of thrift;
- (2) encouraging savings by eligible individuals; or
- (3) providing eligible individuals the opportunity to use and control their own money in order to improve their economic and social condition.

**(b) Subject to the approval of the director, and of the eligible depository financial institution's board of directors, the term includes the following:**

- (1) Programs or products that encourage or require eligible individuals to open one (1) or more qualified accounts or to increase deposits or contributions to one (1) or more qualified accounts.
- (2) Programs or products that encourage or require eligible individuals to deposit or transfer money into one (1) or more qualified accounts on a recurring or automatic basis.
- (3) Programs or products that encourage an eligible individual to:
  - (A) refinance or consolidate existing debt to obtain a lower interest rate;
  - (B) lower the eligible individual's total debt ratio or



revolving debt ratio by paying off or reducing outstanding balances; or

(C) prepare a budget or a debt reduction plan.

(4) Programs that encourage eligible individuals to:

(A) attend financial education seminars or counseling sessions sponsored by the eligible financial institution and offered free of charge; or

(B) use free online financial education, budgeting, or debt reduction tools.

(5) Any other similar savings, debt reduction, or financial education program or product that an eligible depository financial institution offers to eligible individuals for any of the purposes set forth in subsection (a).

**Sec. 6. As used in this chapter, "prize linked savings program" means a contest:**

(1) that is associated with one (1) or more qualified accounts or one (1) or more qualified financial programs offered by an eligible depository financial institution to eligible individuals;

(2) that is conducted by an eligible depository financial institution, alone or together with one (1) or more other businesses;

(3) that offers eligible individuals one (1) or more chances to win designated prizes; and

(4) in which:

(A) the sole consideration for a chance to win a designated prize is obtained by:

(i) depositing a minimum specified amount of money in a qualified account; or

(ii) participating in one (1) or more qualified financial programs; and

(B) each entry has an equal chance of being drawn.

**Sec. 7. (a) Subject to subsections (b) and (c) and section 8 of this chapter, and subject to any rules, policies, or guidance adopted by the director under section 9 of this chapter, an eligible depository financial institution may offer and conduct a prize linked savings program if the following conditions are met:**

(1) The terms and conditions of the prize linked savings program must allow an eligible individual to obtain one (1) or more entries to win a specified prize. Subject to any limits that the eligible depository financial institution may place on the number of entries that an eligible individual is permitted to obtain for any given prize linked savings program, as set



forth in the terms and conditions of the prize linked savings program, the eligible depository financial institution must allow an eligible individual to obtain an entry for a prize linked savings program only by doing either or both of the following:

(A) Depositing a minimum specified amount of money in a qualified account in accordance with the terms and conditions of the prize linked savings program.

(B) Participating in one (1) or more qualified financial programs in accordance with the terms and conditions of the prize linked savings program.

(2) Each entry in the prize linked savings program must have an equal chance of being drawn.

(3) The prize linked savings program must be approved by:

(A) the director; and

(B) the eligible depository financial institution's board of directors;

before it is offered or promoted to eligible individuals by the eligible depository financial institution.

(b) An eligible depository financial institution may not conduct a prize linked savings program if the prize linked savings program will:

(1) harm the eligible depository financial institution's ability to operate in a safe and sound manner; or

(2) mislead eligible individuals or the public.

(c) An eligible depository financial institution that conducts a prize linked savings program under this chapter shall maintain books and records relating to the conduct of the prize linked savings program in the manner and for the length of time that the director may prescribe in rules, policies, or guidance adopted under section 9 of this chapter.

Sec. 8. (a) An eligible depository financial institution that offers a prize linked savings program under this chapter shall:

(1) post in any location where entries may be submitted; and

(2) disclose in any:

(A) printed materials; or

(B) electronic media;

promoting the prize linked savings program;

a statement describing the terms and conditions of the prize linked savings program.

(b) The statement required under subsection (a) must include language specifying the following:



**(1) That, except for:**

**(A) making a deposit described in section 7(a)(1)(A) of this chapter; or**

**(B) participating in one (1) or more qualified financial programs, as described in section 7(a)(1)(B) of this chapter;**

**no other action, and no purchase or other consideration, is necessary for an entry into the prize linked savings program.**

**(2) That, except for:**

**(A) making a deposit described in section 7(a)(1)(A) of this chapter; or**

**(B) participating in one (1) or more qualified financial programs, as described in section 7(a)(1)(B) of this chapter;**

**taking any other action, or purchasing any goods or services, will not improve the odds of winning.**

**(3) That the odds of winning are determined based on the number of entries received.**

**Sec. 9. The director may do any of the following:**

**(1) Prescribe the form or manner in which an eligible depository financial institution may seek approval from the department to offer a prize linked savings program to eligible individuals.**

**(2) Adopt rules, policies, or guidance concerning the conduct of prize linked savings programs in Indiana.**

**(3) Examine the conduct of an eligible depository financial institution's prize linked savings program.**

**(4) Issue cease and desist orders or otherwise exercise the department's enforcement powers under IC 28-11-4 for a violation of this chapter.**

SECTION 4. IC 35-45-5-7, AS AMENDED BY P.L.233-2007, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

**(1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state;**

**(2) a game of chance operated in accordance with IC 4-32.2; or**

**(3) a gambling game operated in accordance with IC 4-35; or**

**(4) a prize linked savings program that:**

**(A) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or**



**(B) is:**

- (i) offered or conducted by a credit union organized or reorganized under United States law; and**
- (ii) conducted in the same manner as a prize linked savings program under IC 28-1-23.2.**

SECTION 5. IC 35-45-5-13 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. This chapter does not apply to a prize linked savings program that:**

**(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or**

**(2) is:**

- (A) offered or conducted by a credit union organized or reorganized under United States law; and**
- (B) conducted in the same manner as a prize linked savings program under IC 28-1-23.2.**

SECTION 6. **An emergency is declared for this act.**



---

Speaker of the House of Representatives

---

President of the Senate

---

President Pro Tempore

---

Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

