

Bank Executions/Levies

Launa M. Goslee, CCMC

Michele Wyatt, CCMC

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*****Go over all details in State Statutes 12-155, 12-162, 52-367b and 52-367a.**

Details from statutes to remember:

1. Demand first!! (12-155)

****Before ANY further enforcement on any tax you shall make personal demand of such person or leave written demand at such person's usual place of abode or for such tax or water or sanitation charges, addressed to such person's last-known place of residence.**

2. You can only serve on behalf of a taxpayer to one financial institution (“bank”) at a time. The term financial institution includes more than just banks; the term also covers, among other entities, credit unions and investment banking firms such as TD Ameritrade and Schwab. (12-162)

3. If within 20 days you don’t receive notification back from the bank, either a request for inquiry or if the taxpayer has funds available for collection or not, you can serve another bank. (12-162)

4. If the server has to serve more than 15 warrants on one day at the same bank, you shall have a current request for information on file. These requests are considered current for 180 days. (12-162)

5. When inquiring at a bank for information, a bank may ask for more detailed information about a taxpayer. This is where the DOB and SS/EIN #'s come in handy. (12-162)

6. The informational responses from a bank are due back to the server within 5 business days if the list requested is 100 taxpayers or fewer and 10 business days if the list is not more than 250 requests. You cannot request more than 250 at a given time. (12-162)

7. The bank shall not disclose to the taxpayer that they have received a request for information. (12-162)

8. Service on a debtor other than a natural person (ex. business), the bank shall immediately pay to such serving officer the amount of such warrant. The banking definition of immediate is defined in 42a-4-104. The “midnight deadline” with respect to a bank is midnight on its next banking day following the banking day on which it receives the relevant item or notice or from which the time for taking action commences to run, whichever is later. (52-367a)

9. Natural person as the debtor, the taxpayer is entitled to fill out an exemption claim form if they qualify for one of the exemptions established by law. If the bank can readily identify direct deposited funds that would normally qualify as exempt, the bank can deny the bank execution and return it to your office as already exempted funds. Thus avoiding having to go to court. (52-367b)

10. Once the bank has sent the paperwork to the taxpayer, the bank shall hold the amount removed (frozen) from the taxpayers account for fifteen days from the date of mailing. The bank is required to mail paperwork to the taxpayer that you have supplied to them as required by 31 CFR 212.6 and 212.7. The bank shall not pay the serving officer until this time period has passed. (52-367b)

11. If the taxpayer fills out the exemption claim form, JD-CV-24A (this form goes back to the bank and the bank submits it to the court), then a hearing date is set by the court and all parties are notified. This will then hold the funds in the taxpayers account for up to 45 days. (52-367b)

12. The court then determines the validity of the exemption claimed by the taxpayer. You can appear in court if you believe the taxpayer is not telling the truth. The judge shall enter an order determining the issues raised by the claim of exemption and the clerk of the court will notify you as such. You can appeal this order within seven days of the rendering of this order. (52-367b)

13. If both exempt and non-exempt moneys are in a taxpayers account, the bank can take the opportunity to determine which moneys are exempt under the law. The most recently deposited as of the time of the execution is served shall be deemed to be the moneys remaining in the account as far as exemption status. (52-367b)

14. If there are funds to be removed from the taxpayer's account, a fee of \$8 shall be paid to the bank. (52-367b)

15. If the bank pays over to the serving officer exempt funds, the bank is liable to the taxpayer and such bank shall refund or waive any charges or fees by the bank to the taxpayer. (52-367b)

16. I have created a Question/Answer page on my website. You can reference if you wish.

<https://www.torringtonct.org/tax-collectors-office/pages/bank-executionslevys-questions-and-answers>

Starting a Bank Execution/Levy

1. The first step in starting any enforcement is demanding payment per SS 12-155.
2. Once you have demanded, you need to figure out who you want to serve to. You need to start by getting a list of all delinquents from your software that you are trying to enforce collections on. With this list you will proceed to make an inquiry to all banks in your area.

3. This list needs to ultimately include the following per the law:

a. Name

b. Last known address

c. A yes/no column for the bank to respond if the taxpayer has an account

d. We also try to research taxpayers and include their DOB and SS or EIN #.

****Remember that SS 12-162 states that you can inquire in lists up to 100 names and they have to respond within 5 business days and inquire with a maximum list of 250 names and they have 10 business days to respond.**

4. Fax (or for some banks, email) to all legal/levy departments specified from the banks you would like to inquire with. This inquiry request is valid for 180 days per SS 12-162. The statute requires a bank inquiry to be on file if serving more than 15 executions at one time to the same bank.

5. Upon receipt that the taxpayer has an account at a particular bank, start to prepare the bank ex paperwork.

a. Bank Copies

i. Cover sheet with your contact information

ii. Warrant - should include all delinquent bills owed by taxpayer (add in \$8 bank fee per SS)

5. (cont.)

iii. Exemption Claim form
JD-CV-24A (only natural persons)

b. Office Copies

i. Cover sheet with your contact
information

ii. Warrant - should include all
delinquent bills owed by taxpayer (add
in \$8 bank fee per SS)

5. (cont.)

iii. Any other paperwork you have specific to that warrant. We keep a copy of the inquiry we start with to look up which accounts to put on the warrant.

6. Bank is then served on the day you specify. We usually serve on a Thursday (pay day...lol!!).

See samples of all documents.

1. Sample demands
2. Full inquiry sheet with fax cover
3. Bank Inquiry Contact Information
4. Serving cover sheet
5. Warrant - generic
6. List of bills owed (could be included on your warrant depending on software)

See samples of all documents (cont.)

7. Exemption Claim form

8. Release letter to bank - debt
paid/partial paid

9. Warrant Summary report

10. Bank list returned

11. Payment after service

12. No funds held (protected funds)

7. Bank is required to mail all forms to the taxpayer you have served to them. Some banks provide an explanation to the taxpayer as to what is happening, most do not and instruct them to call the tax office. The taxpayer will need to submit the exemption claim form to the bank, notarized, within 15 days of the mailing of the forms to the bank. The bank then files this with the court. The court will notify you, the bank and taxpayer of a court date.

8. Debtor funds are “frozen” in the taxpayer’s account for approximately three weeks from the date of service. Some banks are quick and release the fund after that time period, some are a little slower. Taxpayers will think the money has already been sent to your office. This money is on hold until the 15-day exemption claim form submission deadline has passed.

*****Please note, if the taxpayer is anyone but a natural person (ex. a business), the bank is not required to hold the money for the 15-day wait period. Funds should be released to your office upon serving the warrant.**

9. If no exemption form is filed, the bank will release funds within 3-6 weeks, depending on the bank.

10. When receiving the funds from the bank, we use the serving date as the effective date of payment. This is important because it can be delayed several weeks before you receive the funds.

11. Bank fees: Per our state statute, we can pass along to the taxpayer the \$8 bank fee for this process.

11. (cont.) This fee is included on your cover sheet. Some banks send you an invoice for these fees once they pay you and some just take it right out of the taxpayer's bank account. Another bank fee is sometimes imposed on the taxpayer according to the bank's specific bank fee schedule. For example, Bank of America charges a \$125 legal processing fee.

11. (cont.) Taxpayers will call and question that fee and I explain to them that this fee is a bank fee only and like I have stated, some charge and some don't. I instruct them to contact their bank if they want to dispute this charge or lessen it if possible, depending on their relationship with their bank. Based on this information, we have a policy in my office to not serve a warrant of less

11. (cont.) than \$100 to a bank that charges this extra fee. For those accounts, we attempt other collections first and if we do not succeed, we do process a bank execution. You can set your own criteria for these bank executions, such as the number of years delinquent, the amounts delinquent, etc., just like you would set them for a tax sale, usage of a collection agency or other collection methods. This is what my office has determined for our executions and do adjust it at times.

QUESTIONS AND ANSWERS.....

THANK YOU AND GOOD LUCK!!!!!!!!!!!!!!

