

**2003 DRAFTING REQUEST**

**Bill**

Received: **01/27/2003**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Dale Schultz (608) 266-0703**

By/Representing: **jonathan**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - UCC**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Schultz@legis.state.wi.us**

Carbon copy (CC:) to: **robert.marchant@legis.state.wi.us**

**Pre Topic:**

No specific pre topic given

**Topic:**

Regulation of demand drafts

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 01/27/2003	jdye 01/27/2003					
/1			chaskett 01/27/2003		amentkow 01/27/2003	mbarman 01/30/2003	

FE Sent For:



None  
Needed

<END>

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1/?	rmarchan	1/27 jld	1/27 cm	sent 1/27			

FE Sent For:

<END>

RJM

# Bill Request Form

**Legislative Reference Bureau**  
100 N. Hamilton Street  
Legal Section. 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date 1-27-03

Legislator, agency, or other person requesting this draft SENATOR Schuelky

Person submitting request (name and phone number) JONATHAN KLEIN 266-0703

Persons to contact for questions about this draft (names and phone numbers) SAME

Describe the problem, including any helpful examples. How do you want to solve the problem?

DRAFT AS SENATE COMPANION TO  
LRB-1013/1

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

X

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2001 LRB-2345/1 or 1999AB-67).

2003 BILL LRB-1013/1

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you?

YES  NO

If yes:

Anyone who asks? YES  NO   
Any legislator? YES  NO

Only the following persons JeskeWITZ

Do you consider this request urgent?  YES  NO

If yes, please indicate why COMPANION

Should we give this request priority over any pending request of this legislator, agency, or person?

YES NO

EW: 1-27-03

2003 - 2004 LEGISLATURE

1777/1  
LRB-1013/1  
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SOON

2003 BILL

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1 AN ACT *to amend* 403.104 (6); and *to create* 403.103 (2) (hr), 403.104 (11),  
2 403.416 (1) (f), 403.417 (1) (d), 404.104 (3) (fe), 404.207 (1) (f) and 404.208 (1)  
3 (d) of the statutes; **relating to:** regulating the negotiation and collection of  
4 demand drafts.

***Analysis by the Legislative Reference Bureau***

This bill regulates the negotiation and collection of demand drafts. A demand draft is generally an instrument, similar to a check, which is created by a third party, often a merchant, under the purported authority of another person for the purpose of charging that person's account at a bank, savings and loan, credit union, or other banking institution (bank). Like a check, a demand draft contains the routing and account numbers necessary to route the demand draft through a bank's check clearing system. Unlike a check, though, a demand draft does not contain the signature of the account holder. Rather, it typically contains a statement such as "No signature required" or "Authorization on file."

Under Articles 3 and 4 of the Uniform Commercial Code (UCC), as enacted in this state, a demand draft is treated like a check. Thus, in order to be effective, a demand draft generally must be authenticated by the account holder, through the use of a signature or any other word, mark, or symbol executed or adopted by the account holder. The UCC imposes certain warranties with regard to this authentication. For example, when the third party that created the demand draft deposits it with his or her bank, the third party warrants that all signatures, words, marks, or symbols used to authenticate the demand draft are authentic and

**BILL**

1 by a 3rd party under the purported authority of the customer for the purpose of  
2 charging the customer's account with a bank, that contains the account number of  
3 that account, and that contains at least one of the following:

- 4 1. The customer's name.
- 5 2. A notation that the customer authorized the demand draft.
- 6 3. The statement "No signature required," "Authorization on file," or  
7 "Signature on file," or words to that effect.

8 (b) "Demand draft" does not include a check drawn by a fiduciary, as defined  
9 in s. 403.307 (1) (a).

10 **SECTION 4.** 403.416 (1) (f) of the statutes is created to read:

11 403.416 (1) (f) If the instrument is a demand draft, the creation of the  
12 instrument according to the terms on its face was authorized by the person identified  
13 as the drawer.

14 **SECTION 5.** 403.417 (1) (d) of the statutes is created to read:

15 403.417 (1) (d) If the instrument is a demand draft, the creation of the  
16 instrument according to the terms on its face was authorized by the person identified  
17 as the drawer.

18 **SECTION 6.** 404.104 (3) (fe) of the statutes is created to read:

19 404.104 (3) (fe) "Demand draft" — s. 403.104 (11).

20 **SECTION 7.** 404.207 (1) (f) of the statutes is created to read:

21 404.207 (1) (f) If the item is a demand draft, the creation of the item according  
22 to the terms on its face was authorized by the person identified as the drawer.

23 **SECTION 8.** 404.208 (1) (d) of the statutes is created to read:





State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-1777/1  
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2003 BILL

Please  
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Senate.

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