



**ASSEMBLY AMENDMENT 2,  
TO 2009 ASSEMBLY BILL 261**

October 27, 2009 – Offered by Representative BERNARD SCHABER.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 1: delete “No” and substitute “(a) Except as provided in par. (b),  
3 no”.

4 **2.** Page 2, line 5: after that line insert:

5 “(b) A person may offer an extension of credit by delivering to a recipient in this  
6 state a document described in par. (a) only if all of the following apply:

7 1. The document contains, on its face, both of the following:

8 a. In at least 24–point type, a statement in substantially the following form:

9 “THIS IS A SOLICITATION FOR A LOAN. READ THE ATTACHED  
10 DISCLOSURES BEFORE SIGNING THIS AGREEMENT.”

11 b. In at least 10–point type, a statement in substantially the following form:

12 “By endorsing the back of this check, you accept our offer and agree to the terms of  
13 your loan agreement contained in the disclosure statement attached to this check.”

1           2. Notification of the loan agreement being activated by endorsement is  
2 conspicuously printed in at least 10–point type on the back of the check in  
3 substantially the following form: “By endorsing this check, you agree to repay this  
4 loan according to the terms of the attached loan agreement.”

5           3. The check is attached to a disclosure statement that is detachable and that  
6 contains in at least 14–point boldface type a statement that is conspicuously placed  
7 and is in substantially the following form: “This is a loan solicitation. If you cash this  
8 check, you are agreeing to borrow the sum of \$ .... at the .... % rate of interest for a  
9 period of .... months. Your monthly payments will be \$ .... for .... months. If you are  
10 late with a payment, you will be charged the following fees in addition to your  
11 monthly payment: (list fees). All other terms of this loan are clearly identified as loan  
12 terms and appear on the back of the check or on this attachment. Read these terms  
13 carefully before you cash this check. Cashing this check constitutes a loan  
14 transaction. You may cancel this loan by returning the amount of the check to the  
15 lender within 10 days of the date on which this check is cashed. You may prepay this  
16 loan agreement at anytime without penalty. **READ THE AGREEMENT BEFORE**  
17 **SIGNING.”**

18           4. Within 3 business days after the date on which the check is processed by the  
19 lender’s financial institution following negotiation of the check by the recipient, the  
20 lender who issued the check verbally discloses to the recipient the terms and  
21 conditions of the extension of credit and permits the recipient to return to the lender  
22 the amount borrowed. If the recipient returns the amount borrowed within 5  
23 business days after the check is processed by the lender’s financial institution  
24 following negotiation of the check by the recipient, the lender may not assess the

1 recipient any penalty, finance charge, interest, or fee, and the lender may not take  
2 any action on the basis of the return that would affect the recipient's credit score.

3 **(2g)** In the event a check described under sub. (2) (b) is obtained by a person  
4 other than the intended payee, and the check is cashed fraudulently or without  
5 authorization from the payee, the lender who issued the check shall do all of the  
6 following:

7 (a) Upon receipt of notification that intended payee did not negotiate the check,  
8 promptly provide the intended payee with a statement or affidavit to be signed by  
9 the intended payee confirming that the intended payee did not deposit or cash the  
10 check or receive the proceeds of the check. The lender shall provide the intended  
11 payee with the name and telephone number of a contact person designated by the  
12 lender to provide assistance to intended payees who have been victimized by the  
13 fraudulent negotiation of unsolicited checks and cease all collection activity against  
14 the intended payee until the lender completes an investigation into the transaction.

15 (b) Direct the intended payee to complete and return the confirmation  
16 statement to the lender or an affiliate of the lender.

17 (c) Within 30 days of the receipt of the confirmation statement, conduct a  
18 reasonable investigation to determine whether the check was fraudulently  
19 negotiated. Absent evidence to the contrary, the lender shall presume that the  
20 confirmation statement submitted by the intended payee is accurate. The lender  
21 shall notify the intended payee in writing of the results of the investigation. If it is  
22 determined that the check was cashed fraudulently, the lender shall take immediate  
23 action to remove the intended payee from all liability on the account and to request  
24 all credit reporting agencies to remove references to the transaction, if any, from the  
25 intended payee's credit reports.

