

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 582

S.P. 215

In Senate, March 3, 1987

Reference to the Committee on Banking and Insurance suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate
Presented by Senator BRANNIGAN of Cumberland.
Cosponsored by Representative VOSE of Eastport,
Representative MARSANO of Belfast, Representative TRACY of Rome.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Deter Passing of Bad Checks.

Be it enacted by the People of the State of Maine as follows:

11 MRSA §3-420 is enacted to read:

§3-420. Additional liability of drawer

(1) Liability. Notwithstanding any other provision of law, a drawer negotiating a check who knows or should know that payment of the check will be refused by the drawee bank either because the drawer has no account with the bank or because the drawer has insufficient funds on deposit with the bank shall be liable to the payee who has presented the check for payment, not only for the face amount of the check and for any actual damages, but also for addi-

1 tional, liquidated damages where the check is dishon-
2 ored and the drawer fails to pay the face amount of
3 the check within 7 days following the date of mailing
4 by the payee of a written demand for payment as pro-
5 vided in this section.

6 (2) Liquidated damages. A drawer who negotiates
7 a check and who knows or should know that payment
8 will be refused shall be liable for liquidated dam-
9 ages in an amount equal to the lesser of 3 times the
10 face amount of the check or \$500.

11 (3) Notice. A person claiming liquidated dam-
12 ages under this section must first demand payment by
13 sending notice to the drawer's last known residence
14 by first class mail, return receipt requested, with
15 delivery restricted to the drawer, on or after the
16 date the check was dishonored. Written demand for
17 payment shall be in substantially the following form:

18 DEMAND FOR PAYMENT OF DISHONORED CHECK

19 DATE:

20 TO:

21 _____
22 Last known residence address or place of business

23 YOU MAY BE SUED 7 DAYS AFTER THE DATE OF THIS NOTICE
24 IF YOU DO NOT MAKE PAYMENT

25 Your check in the amount of \$
26 dated payable to the order of has
27 been dishonored by the bank upon which it was drawn,
28 because:

29 / / You had no account with the bank.

30 / / You had insufficient funds on deposit with that
31 bank.

32 If you do not make payment, you may be sued to recover
33 payment. If a judgment is rendered against you in
34 court, it may include not only the original face
35 amount of the check, but also additional liquidated
36 damages, in an amount equal to the lesser of 3 times
37 the face amount of the check or \$500.

1 PLEASE MAKE PAYMENT IN THE AMOUNT OF \$

2 TO:

3 NAME OF PAYEE

4 _____

5 _____

6 ADDRESS TO WHICH PAYMENT SHOULD BE DELIVERED

7 IF YOU DISPUTE ANY OF THE FACTS LISTED ABOVE, CONTACT

8 THE PAYEE IMMEDIATELY.

9 STATEMENT OF FACT

10 The purpose of this bill is to deter persons who
11 intentionally pass bad checks, and do not make good
12 on their bad checks within 7 days, by providing liq-
13 uidated damages to the person trying to collect the
14 check. Persons who write the bad check must be given
15 a statutorily prescribed notice before they will be
16 liable for triple damages.

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