

SENATE BILL REPORT

SB 5444

AS PASSED SENATE, JUNE 17, 1991

Brief Description: Extending the time for a bank customer to discover and report unauthorized signatures and alterations.

SPONSORS: Senators Moore and A. Smith.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Johnson, Vice Chairman; McCaslin, Moore, Owen, Pelz, Rasmussen, and Vognild.

Staff: Meg Jones (786-7416)

Hearing Dates: February 21, 1991; March 5, 1991

BACKGROUND:

A bank customer must exercise reasonable care and promptness in examining a statement of his or her account to discover an unauthorized signature or other alteration. If the customer identifies such an alteration, he or she must promptly notify the bank.

Regardless of the customer's care, he or she is prohibited from asserting such an alteration against the bank unless the customer discovers and reports the alteration to the bank within 60 days. The 60 day period is measured from the time the statement is made available to the customer.

SUMMARY:

The period of time in which a bank customer must discover and report an unauthorized signature or other alteration is changed.

A customer must discover and report any such alteration within one year in order to assert the alteration against the bank.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The one year review period is consistent with the Uniform Commercial Code and should be adopted in Washington. The

longer period provides a more reasonable review period for bank customers.

TESTIMONY AGAINST: None

TESTIFIED: Jon Schneidler, Wagner Estate (pro)

HOUSE AMENDMENT(S):

Limits the extension of the bank's liability for unauthorized endorsements to one year for individual accounts. Commercial accounts must still report any unauthorized endorsements within 60 days or be barred for recovering for them against the bank.