

- Acceptance
checks/drafts, 157-160
obligation of acceptor, 157-160
wire transfer, 339-340
- Acceptor. *See* Acceptance
- Accommodation parties. *See* Surety
- ACH. *See* Automated clearing house
- Across the counter presentments, 182-183, 211
- Agent
authority of, 164, 286
forgery by, 285-291
generally, 163-171
payment to, 285-291
personal liability, 163-171
ratification, 285-286
signatures and, 163-171
- Allonge, 31-32
- Alteration, 322-323
- Anomalous indorsement, 132-133
- ATM. *See* Automated teller machines
- Attorney's fees, 364
- Authenticating trustee, 368
- Automated clearing house (ACH), 336, 338-339
- Automated teller machines (ATM), 210, 325
- Bank. *See* Collecting bank; Depository bank; Payor bank
- Bank account. *See* Checking account
- Bank collections
availability rules, 215-221
banking day, 210
charge back, 212, 242-251
clearinghouse, 213
collecting bank, 173
delays, 253
depository bank, 212
encoding, 213
Expedited Funds Availability Act, 215-221
Federal Reserve System, 209
final payment. *See* Final payment
funds availability, 210-221
large check dishonor notice, 241
midnight deadline rules. *See* Midnight deadline
payor bank, 173
provisional settlement, 212-214
return of checks, 240-242
truncation, 221-228
- Bank statements
bulk filing and, 319

- check truncation and, 208
- duties of parties, 207-208
- electronic fund transfers. *See* Electronic fund transfers
- forges, 207-208, 311-321
- generally, 207-208
- Banking day, 210
- Bankruptcy, 189-190, 256
- Bearer paper
 - defined, 22-24
 - history, 22-23
 - negotiation, 27-34
- Bill of exchange, 2, 4
- Billing errors, 328-329
- Blank indorsement. *See* Indorsement
- Bona fide purchaser. *See* Investment securities
- Bonds. *See* Investment securities
- Bulk filing, 319

- Cancelled checks. *See* Bank statements
- Cash deposits, 210-211
- Cashier's check
 - defined, 3
 - lost, 206-207
 - stopping payment, 199-207
 - underlying obligation and, 113
- Certificate of deposit, 3
- Certification, 163
- Charge back, 212, 242-251
- Check. *See also* Checking account
 - alteration, 210
 - cancelled. *See* Bank statement
 - cashier's check, 3, 199-207
 - certification, 163
 - Check 21, 221-228
 - collections. *See* Bank collections
 - declaration of loss, 199-207
 - encoding, 213
 - forgery. *See* Forgery
 - large check return notice, 241
 - local, 215-221
 - lost, 206-207
 - magnetic ink character recognition (MICR) symbols, 177, 213
 - overdrafts, 177
 - postdated, 175
 - preauthorized checks, 176-177, 283-284
 - remotely created items, 176-177, 283-284
 - return, 240-242
 - stale, 171
 - stopping payment, 190-207
 - substitute, 222-223
 - truncation, 221-228
 - wrongful dishonor, 256-257
- Check 21, 221-228
- Check-cashing businesses, 45-54
- Check truncation, 221-228
- Checking account. *See* Bank statements
 - death of customer, 183-184
 - electronic fund transfers. *See* Electronic fund transfers
 - forgery. *See* Forgery
 - four legals, 199, 254
 - offset, 184-190
 - overdrafts, 177
 - postdated checks, 175
 - preauthorized drafts, 176-177, 283-284
 - priorities in, 253
 - properly payable rule, 174-177
 - remotely created items, 176-177, 283-284
 - setoff, 184-190
 - stopping payment, 180-207
 - stale checks, 177
 - subrogation, of bank, 194-199
 - wrongful dishonor, 176-177, 283-284
- CHIPS. *See* Clearinghouse Interbank Payments System
- Claim in recoupment, 78-79
- Claims, 86
- Clearinghouse, 213
- Clearinghouse Interbank Payments System (CHIPS), 176-177, 283-284
- Close connection doctrine, 60-67
- Collecting bank, 173
- Consideration and value, 36-39
- Consumer notes, 24-25
- Consumer transaction
 - Check 21 and, 226-227
 - close connection doctrine, 60-67
 - credit cards, 326-329
 - FTC holder in due course rule, 24-25
- Contribution, 119, 125
- Conversion, 176, 264-271
- Co-payees, 30-31
- Co-signer. *See* Surety
- Co-suretyship, 121
- Courier without luggage doctrine, 18-21

- Credit cards, 326-329
 Customer. *See* Drawer
- Death of customer, 183-184
 Debit cards. *See* Electronic fund transfers
 Declaration of loss, 206
 Defenses. *See* Holder in due course;
 Personal defenses; Real defenses
 Delay, 253
 Demand instruments, 21-22
 Depository bank
 collection by. *See* Bank collections
 conversion and. *See* Conversion
 defined, 173
 Discharge, 95-96
 Dishonor, 146-154
 Draft
 defined, 3
 sale of goods, 4, 157-160
 sight draft, 21-22
 Drawee. *See also* Payor bank
 defined, 3
 obligation of, 157-160
 Drawer
 death of, 183-184
 defined, 3
 forgery of name. *See* Bank statements;
 Price v. Neal doctrine
 obligation of, 145-156
 properly payable rule. *See* Properly
 payable rule
- Electronic check conversion (ECK), 228
 Electronic fund transfers. *See also* Wire
 transfers
 automated teller machines,
 326-334
 Electronic Fund Transfer Act,
 326-334
 history, 325-326
 personal identification number (PIN),
 331
 preauthorized, 329-330
 scope, 330
 unauthorized charges, 332-334
 Employee indorsement of payee's name,
 294-295
 Encoding errors, 213
 Excuse of presentment (etc.), 153-156
- Exoneration, 124
 Expedited Funds Availability Act, 209,
 215-221
- Federal Deposit Insurance Corp. as holder
 in due course (HIDC), 36
 Federal notice of large check return, 241
 Federal Reserve system, 209
 Federal Trade Commission
 holder in due course rule, 24-25
 Fedwire, 335
 Fictitious payee. *See* Impostor rule
 Fiduciary, breach of duty by, 311
 Final payment
 defined, 228-240
 delays, 253
 final settlement, 230
 forgeries and. *See* Forgery; *Price v. Neal*
 doctrine
 midnight deadline. *See* Midnight
 deadline
 priorities in account, 254
 processing centers, 240
 provisional settlement, 230
 split deposit, 229-230
 undoing final payment, 251-252
 Final settlement. *See* Final payment
 First In, First Out (FIFO) rule, 39
 "For deposit only," 253-254
 Forgery
 bank statements. *See* Bank statements
 conversion suits. *See* Conversion
 drawer's name, 271-285, 295-296. *See also*
 Bank statements; *Price v. Neal*
 doctrine
 employee's indorsement of payee's
 name, 294-295
 federal law, 275, 284, 295
 holder in due course and, 96-97
 impostors. *See* Impostor rule
 investment securities. *See* Investment
 securities
 negligence. *See* Negligence
 payee's name, 32-34, 175-176, 260-271
 ratification, 96-97
 traveler's check, 97
 warranties and. *See* Warranty
- Forgotten notice, 59-60
 Four legals, 199, 254. *See* Checking account
 Fraud in the factum, 79-85

- Funds availability. *See* Bank collections
- Funds transfer. *See* Wire transfers
- Gambling obligations, 86-87
- Good faith
 - close connection doctrine, 60-67
 - defined, 39-40
 - holder in due course requirement, 39-67
- Guarantee of signature, 377-383
- Guarantor, 129-132. *See also* Surety
- High to low payment, 256-257
- Holder
 - defined, 29, 31
 - depository bank as, 30
 - effect of forgery, 32-34
- Holder in due course
 - alteration and, 322-323
 - bankruptcy, 95
 - check-cashing businesses as, 45-54
 - claim in recoupment, 78-79
 - claims, 85
 - close connection doctrine, 60-67
 - defenses, 78-108
 - defined, 4
 - discharge, 95-96
 - federal government as, 36
 - forgery, 96-97
 - forgotten notice doctrine, 59-60
 - fraud in the factum, 79-85
 - FTC rule about, 24-25
 - gambling obligation, 86-87
 - good faith, 39-67
 - “holder.” *See* Holder
 - illegality, 86-94
 - incapacity, 85-86
 - infancy, 85-86
 - insolvency proceedings, 95
 - jus tertii, 107-108
 - mental incapacity, 85-86
 - notice, 39-69
 - “obligor” defined, 78
 - payee as, 35
 - payment, 95-96
 - personal defenses, 78, 101-107
 - procedural issues, 97-100
 - reacquisition of instrument, 71
 - real defenses, 78
 - recoupment, 78-79
 - shelter rule, 69-77
 - traveler’s checks and, 97
 - value, 36-39
- Identification of presenter, 147-152
- Illegality, 86-94
- Impairment of the collateral, 134-140, 145
- Impostor rule, 292-294
- Incapacity, 85-86
- Indemnity, 225-226
- Indorsement
 - anomalous, 121, 132-133
 - blank, 29-32
 - forged. *See* Forgery
 - missing, 271
 - qualified, 122
 - restrictive. *See* Restrictive indorsement
 - special, 29-32
- Indorser
 - as surety, 121
 - defined, 30, 111
 - obligation of, 120-122
- Infancy, 85-86
- Investment securities
 - authenticating trustee, 368
 - certificated, 367
 - control, 376
 - defined, 367-371
 - entitlement holder, 384
 - entitlement order, 384
 - forgery, 376, 383
 - generally, 367-401
 - genuineness, 372-375
 - guarantee of signature, 377-383
 - instruction, 372
 - issuer, 368, 371-375
 - overissue, 371-372
 - protected purchaser, 376
 - registered owner, 368-369
 - registrar, 370
 - registration, 376-378
 - restriction on transfer, 371-372, 377
 - securities account, 369-370, 384
 - securities entitlement, 368-369, 384-401
 - securities intermediary, 369, 384
 - shelter rule, 376
 - street name, 369
 - transaction statement, 372
 - transfer agent, 369

- transfer process, 368-370, 375-376
- uncertificated, 367, 372
- warranties, 376-377
- Issuance, 28

- Joint and several liability, 120-121
- Jus tertii, 107-108

- Large check return, 241
- Legal equivalence, 223-224
- Liability. *See* Conversion; Warranty
- Lis pendens notice, 182
- Lost instruments, 206-207

- Magnetic ink character recognition (MICR) symbols, 177, 213
- Maker
 - defined, 27
 - forgery of name, *see also Price v. Neal* doctrine
 - obligation of, 119-120
- Material alterations, 322-323
- Merger rule, 113
- MICR symbols. *See* Magnetic ink character recognition (MICR) symbols
- Midnight deadline
 - defined, 231-240
 - delays, 253
 - effect of passage, 231, 234
 - Regulation CC and, 234-240
- Minors. *See* Infancy
- Missing indorsement. *See* Indorsement
- Misspelled payee name, 31
- Money, 17-18
- Money order, 3
- Multiple payees, 30-31

- National Automated Clearing House Association (NACHA), 336-337
- Negligence, 296-311
- Negotiability
 - consumer notes, 24-25
 - generally, 4-25
- Negotiation
 - defined, 28
 - effect of forgery, 32-34
 - generally, 27-34
 - transfer, 28
- Not Sufficient Funds (NSF), 256
- Note. *See* Promissory note
- Notice
 - cosigners, 123
 - fiduciary breach, 311
 - forgotten notice, 59-60
 - holder in due course requirement, 39-69
 - investment securities. *See* Investment securities
 - lis pendens, 182
 - of dishonor, 153-156, 241
- NSF. *See* Not Sufficient Funds

- Obligations
 - acceptor, 157-160
 - accommodation party, 122-145
 - drawee, 156-163
 - drawer, 145-156
 - electronic fund transfers. *See* Electronic fund transfers
 - generally, 118
 - guarantor, 129-132
 - indorser, 120-122
 - issuer of cashier's check, 119-120
 - maker, 119-120
 - of deposit. *See* Checking account surety, 122-145
- Obligor defined, 78
- Offset, 184-190
- "On Us" items, 211
- Order paper
 - defined, 22-24
 - history, 22-23
 - negotiation, 27-34
- Originator, 338
- Over-the-counter presentments, 182-183, 211
- Overdrafts, 177
- Overissue, 371-372

- Padded payroll, 293
- Payee
 - as holder in due course, 35
 - defined, 3
 - forgery of name, 32-34, 175-176, 260-271
 - missing indorsement, 271

- multiple payees, 30-31
- stacked, 30-31
- Payment
 - defense, 95-96
 - final payment. *See* Final payment
 - tender of, 133-134
 - to agent, 285-291
- Payment order, 337
- Payor bank. *See also* Bank collections
 - checking account. *See* Checking account
 - defined, 173
 - properly payable rule. *See* Properly payable rule
- Person entitled to enforce the instrument, 31, 252
- Person whose intent determines payee, 293
- Personal defenses, 78, 101-107
- Personal Identification Number (PIN), 331
- Point of Sale (POS), 325
- Postdated checks, 175
- Preauthorized drafts, 176-177, 283-284
- Presentment, 28, 146-156, 159-160, 182-183
- Presentment notice, 153-156, 241
- Presentment warranty. *See* Warranty
- Preservation of rights doctrine, 126-127, 140-142
 - Price v. Neal* doctrine, 271-285, 295
- Priorities in bank account, 253
- Promissory note
 - defined, 3
 - new note for old, 144-145
- Properly payable rule, 174-177
- Protest, 153
- Provisional settlement. *See* Bank collections
- Purchaser of security. *See* Investment securities

- Qualified indorsement, 122

- Ratification, 285-286
- Reacquisition of an instrument, 71
- Real defenses, 78
- Reconverting bank, 222
- Registered owner. *See* Investment securities
- Registrar. *See* Investment securities
- Registration. *See* Investment securities
- Regulation CC, 209

- Remitter, 3, 199
- Remotely created items, 176-177, 283-284
- Restitution, 351, 358-364
- Restrictive indorsement, 253-254
- Return of checks, 242-251

- Sales draft. *See* Draft
- Securities. *See* Investment securities
- Sender, 338
- Setoff, 184-190
- Settlement. *See* Bank collections
- Shelter rule, 69-77
- Sight draft. *See* Draft
- Signature
 - generally, 6-7
 - guaranty of, 377-383
 - proof of validity, 97-100
- Special indorsement. *See* Indorsement
- Split deposit, 229-230
- Stacked payees, 30-31
- Stale checks, 177
- Statute of limitations, 177
- Stocks. *See* Investment securities
- Stop payment orders, 190-207
- Street name, 369
- Strictissimi juris, 125-127, 134-144
- Subrogation
 - of bank, 194-199
 - of surety, 124-125
- Substitute check, 222-223
- Subsuretyship, 121
- Surety
 - accommodation parties, 127-133
 - anomalous indorsement, 132-133
 - contribution, 119, 125
 - cosigner notice, 123
 - co-suretyship, 121
 - Credit Practices Rule, 123
 - exoneration, 124
 - extensions, 125-127, 140-142
 - generally, 122-145
 - guarantor, 129-132
 - impairment of collateral, 134-140, 145
 - indorsers and, 121
 - joint and several liability, 120-121
 - new notes for old, 144-145
 - obligation of, 122-145
 - preservation of recourse, 126-127, 140-142
 - reimbursement, 124

- strictissimi juris, 125-127, 134-144
- subrogation, 124-125
- subsuretyship, 121
- tender of payment, 133-134
- waiver, 142-144

- Telemarketing checks, 176-177, 283-284
- Teller's check, 3
- Tender of payment, 133-134
- Thumbprint identification, 147-152
- Time instruments, 21-22
- Transfer. *See* Negotiation
- Transfer agent. *See* Investment securities
- Transfer warranty. *See* Warranty
- Transit items, 211
- Traveler's check, 3, 97
- Truncating bank, 222
- Truncation of checks, 221-228

- Unauthorized signature.
 - See* Agent; Forgery
- Unbanked payees, 183
- Uncertificated securities, 367, 372
- Underlying obligation, 112-118
 - cashier's checks, 113
 - payment to agent, 285-291

- Value, 36-39
- Variable interest rate, 17

- Waiver
 - bank statement examination periods, 320
 - forgery liability, 320
 - presentment, 154-156
 - rights of surety, 142-144
- Warranty
 - alteration, 322-323
 - attorney's fees, 264
 - Check 21, 224-225
 - drawer's signature, 271-285
 - encoding, 213
 - forgery of payee's name, 261-254
 - investment securities. *See* Investment securities
 - person entitled to enforce the draft/instrument, 261
 - presentment, 262-263
 - timely return of checks, 234
 - transfer, 262-264
- Wire transfers
 - acceptance, 339-340
 - automated clearing house (ACH), 336, 338-339
 - beneficiary, 337-338
 - beneficiary's bank, 338
 - clearinghouse interbank payments system (CHIPS), 335, 365
 - common law and, 350
 - daylight overdraft, 336
 - doomsday rule, 365
 - Fedwire, 335
 - funds transfer business day, 339
 - generally, 334-365
 - intermediary bank, 338
 - misidentified beneficiary, 351-357
 - money back guarantee, 351
 - NACHA. *See* National Automated Clearing House Association
 - originator, 338
 - originator's bank, 338
 - payment date, 339
 - payment order, 337
 - receiving bank, 338-339
 - restitution and, 351, 358-364
 - scope of Article 4A, 337-338
 - security procedures, 364-365
 - sender, 338
 - transmission errors, 340-364
 - variation by agreement, 365
 - "Without recourse." *See* Qualified indorsement
- Wrongful dishonor, 178-183, 256-257