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# ROBERT G. DORR

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February 10, 2011

Members, Banks Committee

RE: Senate Bill No. 196

I am asking this Committee to require the State of Connecticut to treat all negotiable instruments in the same manner and prohibit check cashing fees when an instrument is properly drawn, sufficient funds available, and the bearer is properly identified. There are only two banks in Connecticut that have taken advantage of our UCC to charge non-account holders fees to cash their own checks presented to them in person. They are Bank of America and Wachovia (Wells Fargo).

I am the manager of a Federally Funded program in Waterbury that serves the homeless. We are funded by HUD, and we have been BOA customers since they acquired Fleet Bank here in Connecticut. We also use BOA for our other housing projects. We have three corporate accounts. Our yearly handle is about \$150k. I am also the Secretary of our local Waterbury Veterans Memorial Committee.

Case #1 - I recently hired a roofer, who was laid off, to do some roof repairs. The roof was leaking - and he needed the job. He repaired the roof (nicely) and submitted his bill for payment. His bill was \$756.75. This is a commercial transaction which took place on 10/01/2009. I paid him by corporate check, as I must since these are federal funds, and we must comply with OMB Circular A-133 accounting standards. I went to the bank with him, as I had to make another deposit - and then I introduced the teller to the roofer. He presented his ID, she accepted it, and gave him \$750.75 - and informed me there was a \$6 fee for cashing the corporate check. I told her that I still owed him \$6 since he presented me with a bill for \$756.75. Sorry - That is the policy of BOA she replied. I explained to her that I already pay monthly fees to BOA for them to honor my checks.

I gave the roofer the \$6 cash to satisfy the debt when we exited the bank. The roofer presented a negotiable instrument to BOA, properly drawn on BOA, with him having proper ID, with sufficient corporate funds available and they charged him a \$6 fee. Checks presented from other banks (interbank) incur no fees. The \$6 BOA fee represents 3/4 hour of labor.

BOA refused to pay to my contractor the fixed amount of the instrument although the instrument was drawn on their bank; properly made and presented; the payor properly identified; and sufficient funds to pay were on deposit. BOA is treating recipients of negotiable instruments differently.

Case #2 - The Vice-Chairman of our Waterbury Veterans Memorial Committee, a Korean War Veteran, also operates the local Senior Center. As such, he is paid from funds drawn on Wachovia Bank. He was making a deposit of grant funds to the Waterbury Senior Center account at Wachovia, and decided to cash his paycheck, drawn on the same account. Wachovia charged him \$5 for cashing his check simply because he does not bank there.

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The bottom line is that BOA and Wachovia are refusing to pay the face value of a UCC regulated instrument. That is wrong, and should be prohibited in Connecticut. Imagine if I gave a \$6 check to someone, and they would leave BOA with nothing. This committee must act.

These check cashing fees make it impossible for BOA & Wachovia customers to satisfy their debts. My roofer properly informed me that his bill for services was \$756.75. He was correct when he told me that I still owed him \$6 after he cashed out at BOA. This activity must stop.

Sincerely,

Robert G. Dorr  
State Senator, 15th District  
1983-1984

Sec. 36a-317b. Check cashing. Adequate identification. Each bank, as defined in section 36a-2, shall cash, at its main office or any of its branch offices within this state, for any person any check payable at such bank or drawn on an account held at the bank in an amount up to and including five hundred dollars, provided the check is presented for payment by the payee of the check, there are sufficient available funds in the account on which the check was drawn to pay the check, and the person cashing the check provides adequate identification, and any information necessary for the bank to meet any reporting or recordkeeping requirements, as required by the bank. The bank may not require more than two forms of identification if the person provides one of the following forms of identification: (1) A current passport issued by the State Department of the United States, (2) a current motor vehicle operator's license issued pursuant to section 14-36, or (3) any current identity card issued by the Department of Motor Vehicles in accordance with section 1-1h. Notwithstanding the provisions of this section, the bank may determine that it is reasonably necessary to refuse payment in order to protect its customer or the bank against potential fraud or loss, or to otherwise comply with applicable law.

The Uniform Commercial Code of the State of Connecticut regarding negotiable instruments:

Sec. 42a-3-104. Negotiable instrument. (a) Except as provided in subsections (c) and (d), "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

- (1) Is payable to bearer or to order at the time it is issued or first comes into possession of a holder;
- (2) Is payable on demand or at a definite time; and
- (3) Does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain (i) an undertaking or power to give, maintain, or protect collateral to secure payment, (ii) an authorization or power to the holder to confess judgment or realize on or dispose of collateral, or (iii) a waiver of the benefit of any law intended for the advantage or protection of an obligor.