



CONNECTICUT BANKERS ASSOCIATION

February 25, 2014

TO: Members of the Banks Committee

FROM: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

RE: HB 5266 AN ACT CONCERNING THE TREATMENT OF CERTIFIED CHECKS AS CASH FOR
PURPOSES OF REAL ESTATE CLOSINGS

Position: Oppose

The CBA and its member banks are opposed to this concept for several reasons.

One problem with certified checks is the potential for forgery, which when it occurs, the bank is not obligated to pay on a forged certification, under the Uniform Commercial Code, which was established to simplify, clarify and modernize commercial transactions

According to the U.S. Secret Service, which enforces federal laws related to counterfeiting, certified check scams cost consumers \$100 million a year.

As an alternative, wire transferring is a better method of payment where no check needs to be produced. The funds are typically available immediately for the payee

However, just because funds are available on a check you've deposited doesn't mean the check is good. It's best not to rely on money from any type of check (cashier, business or personal check or money order) unless you know and trust the person you're dealing with or, better yet -- until the bank confirms that the check has cleared. Forgeries can take weeks to be discovered and untangled. The bottom line is that until the bank confirms that the funds from the check have been deposited into your account, you are responsible for any funds you withdraw against that check."