

1 AN ACT concerning business transactions.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Uniform Commercial Code is amended by
5 adding Section 4-406.5 as follows:

6 (810 ILCS 5/4-406.5 new)

7 Sec. 4-406.5. Unauthorized withdrawal or debit; notice.

8 (a) Notwithstanding any other provisions of this Code,
9 if the payor bank pays an item or otherwise debits the
10 account of a depositor of the payor bank as a result of a
11 deceptive practice as described in subdivision (C)(2) of
12 Section 17 of the Criminal Code of 1961, the affected
13 depositor must notify the payor bank of the unauthorized
14 withdrawal or debit within 60 days after receiving a
15 statement of account that disclosed that withdrawal or debit.

16 (b) Following receipt of the timely notice by the payor
17 bank from the depositor, the payor bank is entitled to return
18 the item to the person or entity that presented the item for
19 payment and, in turn, that person or entity shall be entitled
20 to return the item to any prior endorser or transferor of the
21 item.

22 (c) The provisions of this Section shall be given effect
23 to the extent that they are not in direct conflict with any
24 applicable Federal Reserve regulation or operating circular
25 or with any clearinghouse rule.

26 Section 99. Effective date. This Act takes effect upon
27 becoming law.