

By: Giddings

H.B. No. 2003

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the approval of certain checks by a check verification  
3 entity following notification that the issuer was a victim of  
4 identity theft; providing a civil penalty.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter D, Chapter 35, Business & Commerce  
7 Code, is amended by adding Section 35.597 to read as follows:

8 Sec. 35.597. CHECK VERIFICATION ENTITY'S APPROVAL OF  
9 CERTAIN CHECKS ON NOTIFICATION OF IDENTITY THEFT. (a) In this  
10 section:

11 (1) "Check verification" means a determination of  
12 whether the issuer of a check or similar sight order:

13 (A) has sufficient funds in or on deposit with  
14 the bank or other drawee for the payment in full of the check or  
15 order and all other checks or orders then outstanding; or

16 (B) has a history of issuing checks or other  
17 sight orders for which the issuer does not have sufficient funds in  
18 or on deposit with the bank or other drawee for the payment in full  
19 of the check or order and all other checks or orders then  
20 outstanding.

21 (2) "Check verification entity" means a business  
22 entity that provides check verification services to businesses in  
23 this state.

24 (b) A check verification entity may not approve a check or

1 similar sight order purportedly issued by a person if the person  
2 presents to the check verification entity a copy of:

3 (1) a police report of an offense under Section 32.51,  
4 Penal Code; or

5 (2) a sworn statement by the person that the person was  
6 the victim of an offense under that section.

7 (c) A check verification entity that violates Subsection  
8 (b) is liable to the state for a civil penalty of up to \$1,000. The  
9 attorney general may sue to collect the penalty.

10 (d) The attorney general may recover reasonable expenses  
11 incurred in obtaining a civil penalty under this section, including  
12 court costs, reasonable attorney's fees, investigative costs,  
13 witness fees, and deposition expenses.

14 SECTION 2. This Act takes effect September 1, 2007.