



Ohio Revised Code

Section 1303.47 Employer's responsibility for fraudulent indorsement by employee - UCC 3-405.

Effective: August 19, 1994

Legislation: Senate Bill 147 - 120th General Assembly

(A) As used in this section:

(1) "Employee" includes an independent contractor and an employee of an independent contractor retained by the employer.

(2) "Fraudulent indorsement" means either of the following:

(a) In the case of an instrument payable to the employer, a forged indorsement purporting to be that of the employer;

(b) In the case of an instrument with respect to which the employer is the issuer, a forged indorsement purporting to be that of the person identified as payee.

(3) "Responsibility" with respect to instruments means authority to do any of the following:

(a) To sign or indorse instruments on behalf of the employer;

(b) To process instruments received by the employer for bookkeeping purposes, for deposit to an account, or for other disposition;

(c) To prepare or process instruments for issue in the name of the employer;

(d) To supply information determining the names or addresses of payees of instruments to be issued in the name of the employer;

(e) To control the disposition of instruments to be issued in the name of the employer;



(f) To act otherwise with respect to instruments in a responsible capacity.

"Responsibility" with respect to instruments does not include authority that merely allows an employee to have access to instruments or blank or incomplete instrument forms that are being stored or transported or are part of incoming or outgoing mail, or similar access.

(B) For the purpose of determining the rights and liabilities of a person who, in good faith, pays an instrument or takes it for value or for collection, if an employer entrusted an employee with responsibility with respect to the instrument and the employee or a person acting in concert with the employee makes a fraudulent indorsement of the instrument, the indorsement is effective as the indorsement of the person to whom the instrument is payable if it is made in the name of that person. If the person paying the instrument or taking it for value or for collection fails to exercise ordinary care in paying or taking the instrument and that failure substantially contributes to loss resulting from the fraud, the person bearing the loss may recover from the person failing to exercise ordinary care to the extent the failure to exercise ordinary care contributed to the loss.

(C) Under division (B) of this section, an indorsement is made in the name of the person to whom an instrument is payable if it is made in a name substantially similar to the name of that person or if the instrument, whether or not indorsed, is deposited in a depository bank to an account in a name substantially similar to the name of that person.