

INTERPRETIVE LETTER NO. 98-14 (SEPTEMBER 29, 1998)

The verification requirements in the Check Printer and Check Number Act ("Act") do not apply to check orders (1) drawn on existing consumer deposit accounts for which the check printer has previously filled an order and to which there are no changes, (2) originating from the financial institution in which the consumer deposit account is held, and (3) drawn on existing consumer deposit accounts with only minor, technical changes. In addition, the requirements will only apply to accounts held in "financial institutions" as defined in the Act.

I am writing in response to your letter of July 24, 1998, in which you asked the Office of Banks and Real Estate to advise you of any "exceptions" to the verification requirements of the Check Printer and Check Number Act ("Act").

Section 15(a) of the Act requires that before a check printer delivers a check order to an account holder, the check printer must verify the accuracy of the account holder's name, street address, city, state, and account number. 205 ILCS 690/15(a). Section 15(b) provides three specific instances in which these verification requirements will not apply: (1) the check order is drawn on an existing consumer deposit account for which the check printer has previously filled an order and for which there are no changes to the order; (2) the check order originates from a financial institution and is made on behalf of a new or existing account held in the financial institution; or (3) the check order is drawn on an existing account and the only changes to the order involve (i) changes to the zip code with no change to the street address, city, or state or (ii) convenience changes to or from an abbreviated word in the street address or state. 205 ILCS 690/15(b).

The verification provisions in Section 15 require that a check printer verify the applicable information for account holders whose funds are held by a financial institution in a consumer deposit account. Section 5 of the Act defines "financial institution" as a bank subject to the Illinois Banking Act, a savings bank subject to the Savings Bank Act, a savings and loan association subject to the Illinois Savings and Loan Act of 1985, a credit union subject to the Illinois Credit Union Act, or any federally chartered commercial bank, savings bank, savings and loan association, or credit union organized and operated in this State under the laws of the United States. 205 ILCS 690/5. A branch of an out-of-state, state-chartered bank operating in Illinois is subject to the Illinois Banking Act and thus would qualify as a "financial institution," and check printers filling orders for accounts held in Illinois branches of out-of-state banks, as well as in Illinois state-chartered banks, would be subject to the verification requirements of the Act. However, because the definition explicitly states that national banks are "financial institutions" only if they are organized and operated in Illinois, a check printer is subject to the verification requirements when filling an order for an account drawn on a national bank only when that bank is both organized and operated in Illinois.

We trust this letter responds to your inquiry. If you have any additional questions, please do not hesitate to contact us.