**§3-1405. Employer's responsibility for fraudulent indorsement by employee**

**(1).**  In this section, unless the context otherwise indicates, the following terms have the following meanings.

(a). "Employee" includes an independent contractor and employee of an independent contractor retained by the employer. [PL 1993, c. 293, Pt. A, §2 (NEW).]

(b). "Fraudulent indorsement" means:

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

(ii) 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. [PL 1993, c. 293, Pt. A, §2 (NEW).]

(c). "Responsibility" with respect to instruments means authority:

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

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

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

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

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

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

"Responsibility" 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. [PL 1993, c. 293, Pt. A, §2 (NEW).]

[PL 1993, c. 293, Pt. A, §2 (NEW).]

**(2).**  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.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

**(3).**  Under subsection (2), an indorsement is made in the name of the person to whom an instrument is payable if:

(a). The instrument is made in a name substantially similar to the name of that person; or [PL 1993, c. 293, Pt. A, §2 (NEW).]

(b). The instrument, whether or not indorsed, is deposited in a depositary bank to an account in a name substantially similar to the name of that person. [PL 1993, c. 293, Pt. A, §2 (NEW).]

[PL 1993, c. 293, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 1993, c. 293, §A2 (NEW).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Legislature and is current through October 15, 2024
. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.