**§4-1202. Authorized and verified payment orders**

**(CONTAINS TEXT WITH VARYING EFFECTIVE DATES)**

**(1).**  A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under the law of agency.

[PL 1991, c. 812, §2 (NEW).]

**(2).**  If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if:

(a). The security procedure is a commercially reasonable method of providing security against unauthorized payment orders; and [PL 1991, c. 812, §2 (NEW).]

(b). **(TEXT EFFECTIVE UNTIL 7/01/25)** The bank proves that it accepted the payment order in good faith and in compliance with the security procedure and any written agreement or instruction of the customer restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates a written agreement with the customer or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted. [PL 1991, c. 812, §2 (NEW).]

(b). **(TEXT EFFECTIVE 7/01/25)** The bank proves that it accepted the payment order in good faith and in compliance with the bank's obligations under the security procedure and any agreement or instruction of the customer, evidenced by a record, restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates an agreement with the customer, evidenced by a record, or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted. [PL 2023, c. 669, Pt. A, §41 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

[PL 1991, c. 812, §2 (NEW); PL 2023, c. 669, Pt. A, §41 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

**(3).**  Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered to the customer and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if:

(a). The security procedure was chosen by the customer after the bank offered and the customer refused, a security procedure that was commercially reasonable for that customer; and [PL 1991, c. 812, §2 (NEW).]

(b). **(TEXT EFFECTIVE UNTIL 7/01/25)** The customer expressly agreed in writing to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with the security procedure chosen by the customer. [PL 1991, c. 812, §2 (NEW).]

(b). **(TEXT EFFECTIVE 7/01/25)** The customer expressly agreed in a record to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with the bank's obligations under the security procedure chosen by the customer. [PL 2023, c. 669, Pt. A, §42 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

[PL 1991, c. 812, §2 (NEW); PL 2023, c. 669, Pt. A, §42 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

**(4).**  The term "sender" in this Article includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under subsection (1), or it is effective as the order of the customer under subsection (2).

[PL 1991, c. 812, §2 (NEW).]

**(5).**  This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.

[PL 1991, c. 812, §2 (NEW).]

**(6).**  Except as provided in this section and in section 4‑1203, subsection (1), paragraph (a), rights and obligations arising under this section or section 4‑1203 may not be varied by agreement.

[PL 1991, c. 812, §2 (NEW).]

SECTION HISTORY

PL 1991, c. 812, §2 (NEW). PL 2023, c. 669, Pt. A, §§41, 42 (AMD). PL 2023, c. 669, Pt. E, §1 (AFF).

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 Maine Legislature and is current through January 1, 2025
. 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.