

FILED FEB 12 1991

SENATE FILE 174  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 31)

Passed Senate, Date 2/21/91 (p. 410) Passed House, Date 3/19/90 (p. 724)  
Vote: Ayes 47 Nays 0 Vote: Ayes 94 Nays 0  
Approved March 27, 1991 (p. 926)

A BILL FOR

1 An Act classifying the transfer of a nonpayable financial  
2 instrument to a livestock dealer or market agency as a  
3 fraudulent practice and making penalties applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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SENATE FILE 174

S-3068

1 Amend Senate File 174 as follows:  
2 1. Page 1, lines 3 and 4, by striking the words  
3 "an agreement" and inserting the following: "a  
4 written agreement, as defined in this subsection,".  
5 2. Page 1, line 21, by inserting after the word  
6 "basis." the following: "'Written agreement" means a  
7 contract executed in writing which contains the  
8 material terms of the contract and which is signed and  
9 dated by the parties to the agreement."

By JOHN A. PETERSON

S-3068 FILED FEBRUARY 21, 1991  
LOST (p. 410)

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1 Section 1. Section 714.8, Code 1991, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 14. Makes payment pursuant to an  
4 agreement with a dealer or market agency for livestock held by  
5 the dealer by use of a financial instrument which is a check,  
6 share draft, draft, or written order on any financial  
7 institution, as defined in section 543.1, if after seven days  
8 from the date that possession of the livestock is transferred  
9 pursuant to the purchase, the financial institution refuses  
10 payment on the instrument because of insufficient funds in the  
11 maker's account.

12 This subsection is not applicable if the maker pays the  
13 holder of the instrument the amount due on the instrument  
14 within one business day from a receipt of notice by certified  
15 mail from the holder that payment has been refused by the  
16 financial institution.

17 As used in this subsection, "dealer" means a person engaged  
18 in the business of buying or selling livestock, either on the  
19 person's own account, or as an employee or agent of a vendor  
20 or purchaser. "Market agency" means a person engaged in the  
21 business of buying or selling livestock on a commission basis.

22 EXPLANATION

23 This bill classifies as a fraudulent practice the payment  
24 for livestock by use of a financial instrument pursuant to an  
25 agreement with a livestock dealer or market agency, if a  
26 financial institution fails to honor the instrument because of  
27 insufficient funds. However, the bill does not apply if the  
28 purchaser pays to the instrument's holder the full amount due  
29 on the instrument within one business day following the  
30 receipt of notice of the delinquency.

31 A fraudulent practice carries a range of penalties, from a  
32 simple misdemeanor to a class "C" felony depending on the  
33 value of the property transferred.

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BOSWELL, CH.  
PETERSON  
PRIEBE  
SOORHOLTZ  
RITTMER

SSB 31  
AGRICULTURE

SENATE FILE 174  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL REQUESTED  
BY BOSWELL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act classifying the transfer of a nonpayable financial  
2 instrument to a livestock dealer as a fraudulent practice and  
3 making penalties applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2 the following new subsection:

3 NEW SUBSECTION. 14. Makes payment pursuant to an  
4 agreement with a dealer for livestock held by the dealer by  
5 use of a financial instrument which is a check, share draft,  
6 draft, or written order on any financial institution, as  
7 defined in section 543.1, if after seven days from the date  
8 that possession of the livestock is transferred pursuant to  
9 the purchase, the financial institution refuses payment on the  
10 instrument because of insufficient funds in the maker's  
11 account.

12 This subsection is not applicable if the maker pays the  
13 holder of the instrument the amount due on the instrument  
14 within one business day from a receipt of notice by certified  
15 mail from the holder that payment has been refused by the  
16 financial institution.

17 As used in this subsection, "dealer" means a person engaged  
18 in the business of selling livestock, including but not  
19 limited to a person selling livestock on a consignment basis.

20 EXPLANATION

21 This bill classifies as a fraudulent practice the payment  
22 for livestock by use of a financial instrument pursuant to an  
23 agreement with a livestock dealer, if a financial institution  
24 fails to honor the instrument because of insufficient funds.  
25 However, the bill does not apply if the purchaser pays to the  
26 instrument's holder the full amount due on the instrument  
27 within one business day following the receipt of notice of the  
28 delinquency.

29 A fraudulent practice carries a range of penalties, from a  
30 simple misdemeanor to a class "C" felony depending on the  
31 value of the property transferred.

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or purchaser. "Market agency" means a person engaged in the business of buying or selling livestock on a commission basis.

SENATE FILE 174

AN ACT  
CLASSIFYING THE TRANSFER OF A NONPAYABLE FINANCIAL INSTRUMENT  
TO A LIVESTOCK DEALER OR MARKET AGENCY AS A FRAUDULENT  
PRACTICE AND MAKING PENALTIES APPLICABLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 714.8, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 14. Makes payment pursuant to an agreement with a dealer or market agency for livestock held by the dealer by use of a financial instrument which is a check, share draft, draft, or written order on any financial institution, as defined in section 543.1, if after seven days from the date that possession of the livestock is transferred pursuant to the purchase, the financial institution refuses payment on the instrument because of insufficient funds in the maker's account.

This subsection is not applicable if the maker pays the holder of the instrument the amount due on the instrument within one business day from a receipt of notice by certified mail from the holder that payment has been refused by the financial institution.

As used in this subsection, "dealer" means a person engaged in the business of buying or selling livestock, either on the person's own account, or as an employee or agent of a vendor

.....  
JOE J. WELSH  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 174, Seventy-fourth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate  
Approved March 27, 1991

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TERRY E. BRANSTAD  
Governor