

## **RETURNED CHECKS AND OTHER DENIED PAYMENTS**

**661.3**

When the District receives a check, or an equivalent instrument (including certain electronic payments), as a form of payment from another person, a financial institution may deny payment when, for example, the check/payment was written on a closed account, the account has insufficient funds on deposit to cover the withdrawal, a "stop payment" order has been placed on the check, or the account on which the check was written has been frozen. Such checks are sometimes referred to as "returned checks," "bad checks," or "non sufficient funds checks."

The District Business Office will develop, implement, and maintain written procedures that apply when (1) the District receives notice of nonpayment on a check (or equivalent payment instrument) that a payer issued/submitted to the District, or (2) such a check/payment is otherwise returned or rejected by a financial institution without full payment.

The procedures shall address at least (1) the manner in which the District will seek prompt payment in place of a failed payment; and (2) in situations where a payer is responsible for multiple failed payments, the District's authority to place restrictions on the payer's methods for making future payments (e.g., requiring payment by means other than a personal check or equivalent instrument). Such procedures may also provide for the District to charge a reasonable and lawful service fee to the payer for any failed payment.

When any original amount owed, or any fee or service charge imposed pursuant to this policy remains unpaid following a payment issue, the District may apply any established policies or procedures regarding unpaid fees and debt collection and/or exercise other legal rights.

If the Director of Finance and Operations determines that there is reason to suspect that any party may have engaged in intentional fraudulent activity regarding a payment (e.g., falsifying a check on a nonexistent account or forging a check on an account belonging to another person), he or she will refer the matter to law enforcement.

**Legal References:**

**Wisconsin Statutes**

[Section 943.24](#) [issuing worthless check]

[Section 943.245\(1m\)](#) [civil proceedings regarding worthless checks]

**Adopted:** 12/20/21