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Triple Damages for Bad Checks

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Any business that accepts checks sooner or later will have a check returned for nonsufficient funds. You could refer the person or company that wrote you the check to the police for prosecution but the likelihood that they will be pursued is not great. You could also sue for breach of the contract which may only invite allegations that the product or service bought was not as expected and lead to protracted litigation. There is, however, an additional tool that can be used to collect NSF checks.

Michigan has a statute that allows for the recovery of:

- (a) the full amount of the dishonored check,
- (b) civil damages in the amount of two times the amount of the dishonored check, and
- (c) costs of \$250.00 from those who write NSF checks.

However, to be eligible for these remedies, you must provide a demand for payment which must include language directly out of the statute. The demand allows the customer to pay the amount of the check within certain time periods along with processing fees provided by the statute. If the amount is not paid within 30 days of the notice, a lawsuit may be filed under the statute. If the customer wants to pay after 30 days and before trial, he will also need to pay reasonable cost, not to exceed \$250.00. If the demand is proper and the matter continues to trial, the remedies will follow.

The greatest benefit of the statute may not be the ability to take the customer to court and recover three times the amount of the NSF check. The greatest benefit of the statute may be that the demand for payment motivates the customer to get serious about making good on the check.