



From the Office of Secretary of State

John Gale

402-471-2554

www.sos.ne.gov

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Contact: Laura Strimple

402-471-8408

laura.strimple@nebraska.gov

Secretary of State supports bill that attacks bogus UCC filings

LINCOLN – Secretary of State John Gale testified in support of LB210 today before the Banking, Commerce and Insurance Committee of the Nebraska Legislature. The bill provides a mean of nullifying a bogus lien filing, giving victims administrative relief through the Secretary of State’s office.

Those filings are problematic in that they serve no legitimate purpose under the Uniform Commercial Code. However, they are becoming more prevalent. “Various groups discovered that they could abuse the UCC system by filing documents that imposed bogus liens on people they were angry with, people like judges, attorneys, bankers and others,” explained Gale. “As a result, those people were forced to go to court to have the liens removed from their records, a major burden in terms of attorney expenses, court costs and time.”

Current law prevents states like Nebraska from rejecting finance statements unless under very specific circumstances. Passage of LB210 would allow the Secretary of State’s office to file what is known as a termination statement against a bogus financial statement.

“We introduced similar legislation last year and have been working with the banking community and Nebraska Bar Association and the Nebraska Uniform Law Commissioners to make some appropriate changes,” said Sec. Gale. “We hope that this bill strikes a common ground and provides the kind of protection that is necessary to prevent these types of bogus lien filings from proliferating and impairing the credit of innocent victims.”

Sixteen states currently have laws in place that address bogus filing issues. The bill proposed and introduced by Senator Burke Harr is modeled after legislation that was passed recently in Illinois.

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