

Report From Agency

**ORDER OF THE STATE OF WISCONSIN,
DEPARTMENT OF FINANCIAL INSTITUTIONS, DIVISION OF CORPORATE
AND CONSUMER AFFAIRS
ADOPTING RULES**

1 The Wisconsin Department of Financial Institutions, Division of Corporate and Consumer
2 Affairs adopts this order repealing and recreating s. DFI—CCS 5.04 relating to UCC search
3 requests.

Analysis Prepared by the Department of Financial Institutions, Division of Corporate and Consumer Affairs

Statute(s) interpreted: s. 409.519, Stats.

Statutory authority: ss. 227.11(2) and 409.526(1), Stats.

Related statute or rule: s. 409.519, Stats.

Explanation of agency authority: Pursuant to ch. 409, subch. V, Stats., the department serves as the filing office for certain UCC financing statements.

Summary of proposed rule: The objective of the rule is to repeal and recreate s. DFI—CCS 5.04. Under current law, in creating search results for records of UCC documents filed with the department, certain standardized search logic is applied to the name presented to the filing office by the person requesting the search. The purpose of this rule is to set forth, in recreated s. DFI—CCS 5.04, revised standardized search logic. Under the proposed rule, the standardized search logic set forth more accurately reflects the methodology used.

Summary of and preliminary comparison with existing or proposed federal regulation: None.

Comparison with rules in adjacent states: Illinois, Iowa, Michigan and Minnesota have adopted similar standardized search logic.

Summary of factual data and analytical methodologies: The department's suggested improvements are based on observations regarding search efforts and input from searchers.

Analysis and supporting documentation used to determine effect on small business: None. The department continues to provide searches of its UCC database at no cost.

Summary of Final Regulatory Flexibility Analysis: This proposed rule will have no adverse impact on small businesses.

Summary of Comments received by Legislative Review Committees: No comments were received.

Agency Contact Persons

To obtain a copy of the rule or fiscal estimate at no charge or for questions regarding the agency's internal processing of the rule, contact Mark Schlei, Deputy General Counsel, Department of Financial Institutions, Office of the Secretary, P.O. Box 8861, Madison, WI 53708-8861, tel. (608) 267-1705. A copy of the rule may also be obtained and reviewed at the Department of Financial Institution's website, www.wdfi.org.

For substantive questions on the rule, contact Ray Allen, Deputy Administrator, Department of Financial Institutions, Division of Corporate and Consumer Affairs, P.O. Box 7847, Madison, WI 53708-7847, tel. (608) 264-7950.

Pursuant to the statutory authority referenced above, the Department of Financial Institutions, Division of Corporate and Consumer Affairs adopts the following:

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- 4 SECTION 1. Section DFI—CCS 5.04 is repealed and recreated to read:
- 5 **DFI-CCS 5.04 Search Requests.** (1) Search results shall be created by applying standardized
- 6 search logic to the name presented to the filing officer by the person requesting the search. For
- 7 conducting searches, the following shall apply:
- 8 (a) There shall be no limit to the number of matches that may be returned in response to the
- 9 search criteria.
- 10 (b) No distinction shall be made between upper and lower case letters.
- 11 (c) Only characters which appear on a standard keyboard shall be considered searchable
- 12 characters.
- 13 (d) For names identified as an organization, the logical equivalent of all names that begin with
- 14 the exact name presented for searching shall be returned.

15 (e) For first and middle names of individuals, initials shall be treated as the logical equivalent of
16 all names that begin with the initials, and no middle name or initial shall be equated with all
17 middle names and initials.

18 **Note:** Example: A search request for a “Dolly R. Parton” would cause the search to retrieve all
19 filings against all individual debtors with “Dolly” as the first name, “Parton” as the last name,
20 and with the initial “R” or any name beginning with “R” in the middle name field. If the search
21 request were for “Dolly Parton”, (first and last names with no designation in the middle name
22 field), the search would retrieve all filings against individual debtors with “Dolly” as the first
23 name, “Parton” as the last name and with any name or initial or no name or initial in the middle
24 name field.

25 (f) After taking the procedures in pars. (a) to (e) into account, the search shall reveal only names
26 of debtors that exactly match the name requested contained within the UCC information
27 management system and as requested under s. DFI-CCS 5.03.

28 **Note:** Human judgment does not play a role in determining the results of the search. Detailed
29 explanations and examples of the search procedures are posted on the Department of Financial
30 Institutions website, www.wdfi.org.

31 (2) For documents filed prior to July 1, 2001, department keying guidelines then in effect may
32 affect the way debtor names were indexed, and documents filed prior to that date might not be
33 returned when searching a registered corporate name using the search logic set forth in sub. (1).

34 **Effective date.** This rule takes effect as provided in s. 227.22 (2) (intro.), Stats..

Dated: _____

Agency: _____

Ray Allen, Deputy Administrator
Department of Financial Institutions
Division of Corporate and Consumer Affairs