Annotated Code of Maryland
(1985 Replacement Volume and 1985 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

1-201.

Subject to additional definitions contained in the subsequent titles of this article which are applicable to specific titles or subtitles thereof, and unless the context otherwise requires, in Titles 1 through 10 of this article:

(5) "Bearer" means the person in possession of an instrument, document of title, or CERTIFICATED security payable to bearer or indorsed in blank.

(14) "Delivery" with respect to instruments, documents of title, chattel paper or CERTIFICATED securities means voluntary transfer of possession.

(20) "Holder" means a person who is in possession of a document of title or an instrument or [an] A CERTIFICATED investment security drawn, issued or indorsed to him or [to] his order or to bearer or in blank.

5-114.

(2) Unless otherwise agreed when documents appear on their face to comply with the terms of a credit but a required document does not in fact conform to the warranties made on negotiation or transfer of a document of title (§ 7-507) or of a CERTIFICATED security (§ 8-306) or is forged or fraudulent or there is fraud in the transaction:

(a) The issuer must honor the draft or demand for payment if honor is demanded by a negotiating bank or other holder of the draft or demand which has taken the draft or demand under the credit and under circumstances which would make it a holder in due course (§ 3-302) and in an appropriate case would make it a person to whom a document of title has been duly negotiated (§ 7-502) or a bona fide purchaser of a CERTIFICATED security (§ 8-302); and

(b) In all other cases as against its customer, an issuer acting in good faith may honor the draft or demand for payment despite notification from the customer of fraud, forgery or other defect not apparent on the face of the documents but a court of appropriate jurisdiction may enjoin such honor.

8-101.