

**Remarks by
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You get a call from a person who identifies himself as a bank employee who says he is testing your ATM card for the Year 2000 and he asks you to give him your ATM account number and Personal Identification Number over the phone so that the bank can make the account Y2K ready. Would you? Some people do.

For most of us, the Year 2000 date change is a technical challenge for computer systems - a challenge that technicians are addressing. For some people - scam artists - it is an opportunity to cash in on people's fears about the unknown.

The Federal Deposit Insurance Corporation - and other banking regulators, as well as bankers - have heard stories about how these scam artists are operating - including here in Wisconsin - as the Wisconsin Bankers Association will tell you.

I'm here today to talk about: One, the most common scams - and others we have heard about.

Two, why the fear on which these scams are based is unfounded.

And, three, what consumers should do to protect themselves from Y2K scams.

Usually, it seems, the scam artists take an age-old scam and put a Y2K twist to it. Sometimes, they use their creativity to come up with something new. Let's look at some of these scams.

First, there is the "Trojan Horse" Book Safe. This "safe" is an ordinary hardcover book with a large mid-section of pages cut out. Inside the cutout is a money tray that holds up to 100 bills. The product is being offered to consumers as a way to hide their cash - the cash that they take out of federally-insured financial institutions such as banks and savings institutions.

The companies that produce these book safes ship them directly to the customer's home - and I've heard that one even markets the safe on the Internet. Of course, the

companies then have the customer's home address. And, of course, come January 1, they will know where the money is - not in the bank, where it is insured and secure - but on the bookshelf, where it is neither.

Second, there is the credit card "sticker" shock. The scam artist calls, posing as a service representative from your bank or your credit card company. The caller says that the company is sending out a magnetic strip to go on the back of your credit card to make it ready for Y2K. And the caller also says that anyone who doesn't have this replacement strip will be unable to use his or her credit card come January 1. The caller then asks for your credit card number for verification. If you give it, he - or she - will order a new credit card and go on a shopping spree.

In a variation, the caller may say that, as part of a Year 2000 fix of the bank's computers, you must confirm your bank account number. The caller then orders new checks in your name - and goes shopping.

Third, there are variations on one of the oldest scams around - "I'll hold your money so it will be safe." For example, the caller gives you an unsolicited offer to "hold" your money until after January 1, 2000, in a special "bond" account that he or she says is Year 2000 ready. Or the scam artist targets the retired by calling and claiming to be from the federal government and then warns that they will not get their Social Security checks and that paper money won't be any good. He tells them to empty their bank accounts and send the cash to him. He'll turn it into gold, he says, and will send it back to them. The cash disappears - into the caller's pocket. Finally - the "PC" scam. We have heard of callers who claim that they will make your personal computer Y2K ready, but who might be scam artists who, once they are in your computer, steal bank account information from your software or even introduce a program that will transfer your money to them later.

Again, all these - and other - scam artists are trading on fear - the fear of the unknown.

But - when it comes to banking and the Year 2000 - we've nothing to fear but fear itself.

Federal and state banking regulators have spent years working with banks and savings institutions to get them ready for the century date change. All FDIC-insured financial institutions have had at least two thorough Y2K on-site exams, and we've found that more than 99.7 percent of FDIC-insured financial institutions are prepared for Y2K. That is to say, we have rated more than 99.7 percent as satisfactory.

As of September 15, there were 27 FDIC-insured financial institutions that had less than satisfactory Year 2000 assessments - 27 out of the 10,273 banks and savings institutions that we insure. Of the 27, only seven are rated unsatisfactory, with 20 rated "needs improvement." In other words, 10,246 banks and savings institutions were rated satisfactory.

Although no one can say there won't be glitches - after all, there are glitches now - we're confident that bank and thrift customers -- and credit union members -- will be able to conduct business as usual before and after January 1.

If you have money in a federally-insured account at a bank, thrift, or credit union, leave it there over the holiday weekend - where it is insured and secure. There is no safer place for it. And it is certainly far safer there than it would be in a mattress or elsewhere in your home. Exposed to theft. Exposed to fire. Exposed. How can consumers protect themselves from Y2K scams? The federal banking regulators are so concerned about people being taken by scam artists, that we have issued a one-page alert on how to recognize them and how to avoid them. I'll give you the same advice I gave my father who is 85 and mother who is 75.

First - and foremost - be skeptical. If something sounds too good to be true, it probably is. And if someone should call and say "Have I got a Y2K deal for you" - your antennae should begin to quiver.

Second, be careful. Never, ever, give out your credit card number, your ATM number, or any other personal financial information if a stranger calls and asks for it. Would your bank ask you for your credit card number, ATM number or checking account number? No - they already have it. But scam artists will. Don't provide any of this information unless you have initiated the call.

Third, be vigilant. Always review your account statements and credit card bills to make sure a scam artist hasn't withdrawn money or made purchases in your name. And take time to report a potential Y2K scam. If you think you have been victimized or have spotted a Y2K scam, call your financial institution, or call the FDIC at our 800 number - 1-800-934-FDIC. We'll advise you what to do.

Why are we making the effort to warn - and inform - consumers about Y2K scams?

The Federal Deposit Insurance Corporation - and other federal bank regulators - believe that information is the best weapon we have against fear. So - last year - we began to tell people about Y2K, banking -- and Y2K scams. In an issue of FDIC Consumer News, we detailed what bank customers need to know. It is the most comprehensive guide available on Y2K and banking. It includes a bank customer's Y2K "To-Do" list and government resources for Y2K help and information. It gives good advice - practical tips the consumer can use.

We also have published a pamphlet, "The Year 2000 Date Change," which covers basic information in the guide, both in English and in Spanish. Banks have also reprinted the pamphlet and have distributed millions of copies. In Spanish, we also offer a publication titled "Equal Credit Opportunity and Women," and we will soon publish a Spanish version of our guide to deposit insurance titled "Your Insured Deposits."

In these efforts - as with Y2K scams specifically - we have taken Don Quixote's words to Sancho Panza to heart: ". . . to be prepared is half the battle."

Information - clear and accurate information - is what the public needs to prepare for the century date change: Years of effort - and millions of dollars - have gone into preparing banks, thrifts and credit unions for the Year 2000. Federally insured financial institutions are prepared. Thank you.

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