

**FEDERAL RESERVE BANK OF DALLAS**

**DALLAS, TEXAS 75222**

**Circular No. 77-38**

**March 14, 1977**

**ATTEMPTS TO PERPETRATE FRAUDULENT TRANSFERS OF FUNDS  
THROUGH THE FEDERAL RESERVE COMMUNICATIONS SYSTEM**

**TO THE EXECUTIVE OFFICER  
OF ALL NONMEMBER BANKS IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:**

It seems apparent that continuing attempts are being made to perpetrate fraudulent transfers of funds through the Federal Reserve Communications System, specifically in the area of wire transfers of funds. While it is recognized that non-member banks are not directly involved with the initiation or initial receipt of transfers of funds through the Federal Reserve Communications System, it is believed that the impact of fraudulent transfer attempts may easily be felt, directly or indirectly, throughout the entire banking system for both member and nonmember banks. Therefore, since nonmembers may indeed be affected by a fraudulent transfer of funds received by its correspondent through the Federal Reserve Communications System, it is suggested that nonmember banks review their internal procedures regarding wire transfers of funds operations and procedures.

The following suggestions are provided for your consideration when reviewing your operations.

- Telephone requests for transfers from your customers should be either authenticated or verified in some fashion.
- Employees should report any transfer request that seems unusual or out of the ordinary to bank management.
- Employees should be positive that it is their correspondent bank calling when receiving incoming transfers of funds notification. If there is any question that a telephone notification from a correspondent bank is unusual or potentially questionable in any manner, e.g., an unusually large or third party transfer, a return telephone call to the correspondent bank should be made for verification.
- Funds for incoming transfers should not be paid out to customers unless either hard copy or positive notification has been received from your correspondent bank or positive identification has been made.

- Employees should be instructed not to give out any information on internal transfers of funds procedures or verification procedures.

Your cooperation in helping to insure the integrity of the transfer of funds process as it relates to your bank will be appreciated.

Sincerely yours,

Robert H. Boykin

First Vice President