

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 80-152
August 6, 1980

A REMINDER CONCERNING ATTEMPTS TO
PERPETRATE FRAUDULENT TRANSFERS OF FUNDS

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

There continue to be periodic attempts to perpetrate fraudulent transfers of funds throughout the banking system. Consequently, it continues to be important that all member banks periodically review their internal procedures regarding wire transfers of funds operations in terms of protection against fraudulent transfers of funds. The following suggestions are provided for your consideration when reviewing your operations:

Code word authentication lists should be secured and should not be available or accessible for unauthorized persons to see, copy, or steal.

Telephone requests for transfers from your customers should be 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 instructed not to give out any information on internal transfers of funds procedures or authentication code word lists or procedures.

Employees should be positive that it is the Federal Reserve Bank calling when receiving incoming transfers of funds notification. If there is any question that a telephone notification is unusual or potentially questionable in any manner, e.g., an unusually large or third party transfer, a return collect telephone call to the Federal Reserve Bank should be made for verification.

Regarding the final suggestion listed, your attention is directed to page 3 of Bulletin 6, paragraph 19, Advices of Credit and Debit, in regard to confirmation by the member bank of telephone advices of third party transfers. An important provision of paragraph 19 is the establishment of transferee liability in the event there is no call-back on telephone advices from this Bank.

We continue to emphasize the need for all member banks to be security conscious and remain alert for possible attempts to obtain funds by means of fraudulent wire transfers of funds.

If you have any questions regarding this matter, please contact Allan Neale, Ext. 6334, or any officer at our El Paso, Houston, or San Antonio Branches.

Sincerely yours,
Robert H. Boykin
First Vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.