

# FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-125  
June 23, 1981

## A REMINDER CONCERNING ATTEMPTS TO PERPETRATE FRAUDULENT TRANSFERS OF FUNDS

TO ALL DEPOSITORY INSTITUTIONS 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 depository institutions 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 their 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 usually large or third-party transfer, a return collect telephone call to the appropriate Federal Reserve office in this District should be made for verification. (Depository institutions are reminded that, in regard to confirmations by them of telephone advice from this Bank of the receipt of third-party transfers, an important provision of paragraph 15 of Bulletin 6 is the establishment of transferee liability in the event there is no call back (by the depository institution) on telephone advice from this Bank).

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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.

In some of the most recent attempts to perpetrate fraud through the wire transfer system, a TWX or TELEX wire was utilized to initiate instructions from a commercial bank. However, as pointed out in our Bulletin 6, TWX and TELEX messages normally will not be honored. Requests utilizing these means of transmission should not be made and will be accepted only where prior arrangements have been made or in emergency situations.

We continue to emphasize the need for all depository institutions to be security conscious and remain alert for possible attempts to obtain funds by means of fraudulent wire transfers of funds. While it is realized that many institutions do not utilize the Federal Reserve wire transfer services, it is hoped that the suggestions contained in this circular will be helpful in evaluating your current exposure regardless of the method your institution utilizes in transferring funds.

If you have any questions regarding this matter, please contact Allan Neale at the Head Office, (214) 651-6334, William L. Wilson at the El Paso Branch, (915) 544-4730 Ext. 201, C. O. Holt, Jr., at the Houston Branch, (713) 659-4433 Ext. 44, or Tony G. Valencia at the San Antonio Branch, (512) 224-2141 Ext. 402.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace". The signature is written in dark ink and is positioned above the typed name and title.

William H. Wallace  
First Vice President