



FEDERAL RESERVE BANK
OF DALLAS

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

June 7, 1991

DALLAS, TEXAS 75222

Notice 91-47

TO: The Chief Executive Officer of each
member bank and others concerned in
the Eleventh Federal Reserve District

SUBJECT

Possible Check Fraud

DETAILS

The Federal Bureau of Investigations has notified the Federal Reserve of a possible ongoing telemarketing scheme involving drafts to consumer checking accounts rather than charges to credit card accounts. It appears that new business accounts are being set up with banks by persons who purport to own a business of some sort. Shortly after the accounts are opened, large numbers of drafts are deposited, frequently just before closing time when it may be more likely that tellers will not closely examine the transaction. The drafts are encoded in magnetic ink. These businesses obtain information regarding a consumer's checking account by offering products or services to consumers over the telephone. Based on the information, drafts are issued against the checking accounts by the businesses which may be unauthorized or in unauthorized amounts. The companies claim they have the consumer's authorization to process these drafts, but the banks have no written authorization from their customers to charge the accounts, nor are the drafts signed by the customer. As soon as the funds are available, the companies transfer the funds out of the account by wire. Banks may not realize there are no authorizations on file for these unsigned drafts until customers have received and examined their checking account statements.

Any information which may assist in identifying these schemes and their operators should be reported to the nearest office of the Federal Bureau of Investigations. Information may also be submitted to Anthony Adamski, Financial Institutions Fraud Unit, Federal Bureau of Investigations, Room 3841, J. Edgar Hoover Building, Washington, D.C. 20535.

MORE INFORMATION

For more information, please contact Anthony Adamski at (202) 324-5594. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert D. McTeer, Jr.".