

FEDERAL RESERVE BANK  
OF NEW YORK

ATCIR No. 8359(a)  
May 25, 1978

FRAUDULENT WIRE TRANSFER OF FUNDS

*To the Chief Executive Officer of each Member Bank  
in the Second Federal Reserve District:*

Recently, a Second District member bank reported that an individual purporting to be an employee of a corporate customer requested by telephone that a transfer of funds be made by means of the Federal Reserve Communications System to a California member bank for the account of a third party. The individual who impersonated the employee was familiar with wire transfer operating procedures. Fortunately, subsequent to the transfer the California member bank raised questions regarding the transaction. The corporate customer, when contacted by the Second District member bank, indicated that it had no knowledge of the transaction. Subsequently, several of the participants in this attempted fraud were apprehended when they attempted to withdraw the funds from the California member bank.

This occurrence is an example of the risks involved in wire transfers of funds. We urge you, therefore, to assure yourself that your bank is maintaining sufficient controls over the authenticity of requests by customers to transfer funds. If you would like to discuss this matter and steps that might be taken to maintain security over your bank's wire transfer of funds operation, please contact, at the Head Office, John C. Houhoulis, Manager, Collection Department, (212) 791-5079 or Charles E. Rockey, Chief, Wire Transfer Division, (212) 791-5073, or, at the Buffalo Branch, Robert J. McDonnell, Operations Officer, (716) 849-5022.

PAUL A. VOLCKER,  
*President.*