

FEDERAL RESERVE BANK
OF NEW YORK

ATCIR No. 8432
October 5, 1978

FRAUDULENT WIRE TRANSFER OF FUNDS

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

Recently there have been several wire transfer frauds in other districts, involving amounts ranging from \$450 to \$5,000. In one case an individual impersonating an employee of the Dallas Reserve Bank advised a member bank in that district, by telephone, that the bank had received a funds transfer from another bank in the Dallas Reserve District. The member bank receiving the notice of credit did not call the Reserve Bank to verify the authenticity of the transfer, nor did it question the fact that the transfer was not included on its Reserve statement on the following day. Several days later the funds were paid to an individual who presented proper identification. This matter has been referred to the F.B.I. for investigation.

As you may recall, on May 25 this Bank sent you a letter notifying you of similar fraudulent activities. The recent incidents are further examples of the risks involved in the wire transfer of funds. Once again, we would like to take this opportunity to suggest that you assure yourself that your bank is maintaining sufficient controls over funds transfers. You should consider examining controls over the receipt of instructions from your customers to transfer funds out, and the controls regarding the transfer of funds into an account on your books.

If you have any questions in this regard, please contact, at the Head Office, John C. Houhoulis, Manager, Collection Department (Tel. No. 212-791-5079), or Charles E. Rockey, Chief, Wire Transfer Division (Tel. No. 212-791-5073); or, at the Buffalo Branch, Robert J. Mc Donnell, Operations Officer (Tel. No. 716-849-5022).

WHITNEY R. IRWIN,
Vice President.