

# Sheshunoff™

Dear Valued Customer:

Welcome to the latest update to *NAFCU's Share Drafts and Negotiable Instruments Handbook*. There have been many relevant cases and issuances since you received your last update, so be sure to familiarize yourself with the all the new material contained herein, including the following:

- Case Study: *Whitney National Bank v. Safety Guide of Alabama LLC* involved the interpretation of the indorsement “For Deposit Only” on the back of a check.
- Case Study: *Bank of Texas v. VR Electric Inc.* involved the theft of a corporate check that was later forged by the thief and paid by the bank. The issue dealt with by the court was whether the Bank’s procedures for reviewing check signatures was commercially reasonable under Texas law.
- Case Study: *MidAmerica Bank FSB v. Charter One Bank* dealt with a bank’s responsibility for the payment of a cashier’s check it issued after the bank placed a stop payment on the check at the request of its customer. The case worked its way through the legal system and a decision was finally made by the Illinois Supreme Court.
- Federal Reserve Board final rules amending Appendix A to Regulation CC consolidating the Seventh District, Sixth and Eighth Districts, Fifth and Sixth Districts, Third and Fifth Districts, Tenth, Eleventh and Twelfth Districts, Fourth and Ninth Districts.
- Federal Reserve Board’s proposed amendments to Regulation E limiting overdraft fees at ATMs and debit-card transactions.
- NCUA Regulatory Alert 08-RA-11 advising credit unions that FinCEN’s recent final rule effective January 5, 2009 that simplifies the Bank Secrecy Act regulation allowing credit unions to exempt transactions of certain persons from the requirement to report currency transactions in excess of \$10,000.
- NCUA Regulatory Alert 09-RA-02 and FinCEN’s Notice to Customers: A CTR Reference Guide. This pamphlet explains the CTR reporting requirement to members who may not be familiar with a credit union’s obligations under the Bank Secrecy Act. Credit unions can use this pamphlet as an educational tool for its members.
- NCUA’s Regulatory Alert 09-RA-05, FinCEN’s Press Release and FinCEN Advisory 2009-A001 providing guidance to financial institutions when filing Suspicious Activity Reports regarding loan modification and foreclosure rescue scams.
- FinCEN Proposed Rule and Interpretative Guidance regarding the confidentiality of Suspicious Activity Reports.
- FinCEN Advisory FIN-2009-G001 which provides guidance to assist financial institutions in determining when it is appropriate to exempt non-listed businesses from currency transaction reporting when the business customer receives a portion of its annual gross revenue from ineligible business activities.
- NCUA Interim Final Rule simplifying how share insurance coverage for revocable trust accounts is calculated by eliminating the concept of “qualifying beneficiaries”.

- Updated NCUA Brochures “How Your Accounts are Insured” and “Your Insured Funds” addressing the recent increases in basic share insurance coverage from \$100,000 to \$250,000 through December 31, 2013.
- NCUA Final Rules on the use and display of the Official NCUA Share Insurance Sign that incorporates the increase in share insurance coverage; along with the requirements for accurate advertising of insurance coverage.
- NCUA PowerPoint Presentation NCUA Share Insurance and You which a credit union can use to better educate its employees and members on the recent changes increasing share insurance coverage for deposit accounts.
- NCUA Share Insurance FAQs includes recent questions and answers by NCUA on share insurance coverage of member deposits in credit unions considering the recent economic conditions.
- NCUA Legal Opinion Letter 08-0718 provides an opinion on whether deposits in Section 529 College Savings Account Plans are covered by NCUA Insurance.
- NCUA Legal Opinion Letter 08-0840 addressing whether member and non-member deposits in Interest on Lawyers Trust Accounts are protected by NCUA Insurance.
- Case Study: *NNDJ Inc. v. Comerica Incorporated* involved a bank implementing a service fee to non-accountholder customers who want to cash a cashier’s check issued by the bank. Litigation commenced on whether this fee was prohibited by the UCC.
- Case Study: *NNDJ Inc. v. National City Bank* also involved litigation on a bank’s right to charge a service fee to cash a cashier’s check for a non-accountholder customer. The issue in this case dealt with the preemption of state law because the bank was federally chartered under the National Bank Act.

We want our *NAFCU’s Share Drafts and Negotiable Instruments Handbook* to be your favorite source book. If you have any suggestions regarding this manual, please let us know! You can email me directly at [jim.baker@sheshunoff.com](mailto:jim.baker@sheshunoff.com). You can also call our customer service representatives at 1-800-456-2340, or visit our Web site at [www.sheshunoff.com](http://www.sheshunoff.com) if you have any questions regarding any of our products.

Sincerely,

Jim Baker  
Editor