

MEMORANDUM

To: *Check Fraud Protection Manual* Customers
From: Sheshunoff Information Services
Subject: Highlights

Enclosed is the latest update of the *Check Fraud Protection Manual*. In spite of all the electronic advances in banking, checks are still the dominant form of non-cash payments. Unfortunately, checking trickery is as popular as it ever was, too. Criminals are forever trying to stay one step ahead of the technological improvements meant to make their lot in life more difficult. Financial institutions are quite vulnerable to the schemes of these devious plotters -- three quarters of commercial banks were found to have been victimized in the most recent study. It is the savvy institution that plans for such an eventuality and Sheshunoff's *Check Fraud Protection Manual* is the best place to start.

This latest update includes new information on the following topics:

- The office manager of a depositor company set up accounts in the company's name and then withdrew money from them. When the company was sued by its clients for recovery of the funds, they, in turn, sued the bank for improperly allowing the office manager to open the accounts. What did the courts find? It's discussed in the case of *Rodriguez v. Bank of the West* found in Chapter 2.
- A credit union was unable to obtain dismissal on summary judgment of claims by a noncustomer for malicious prosecution and negligence in an identity theft case. Was it negligence on their part that was their undoing? Read about it in *Brunson v. Affinity Federal Credit Union*, also found in Chapter 2.
- Is a bank liable, even where it paid a check that was not properly payable, if the proceeds of the check end up in the hands of the intended payee? (See Chapter 3.)
- How broadly will courts define negligence on the part of the depository bank that failed to recognize that a check has been improperly completed or signed? (See Chapter 3.)
- What is the Shelter Principle? (See Chapter 5.)