

## MEMORANDUM

To: Subscribers to *NAFCU's EFT Fraud Protection for Credit Unions: From Identity Theft to Wire Transfer Fraud*

From: Sheshunoff Information Services

Subject: 06.1 Update

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Enclosed is your update to *Electronic Fund Transfer Fraud Protection*. This update revises or adds the following information:

- The FFIEC agencies have issued guidance that focus on how to authenticate customers in an internet banking environment. The update includes and discusses this guidance.
- The Federal Trade Commission has issued a Notice of Proposed Rulemaking under the FACT Act with respect to “red flags” that may indicate a high risk of identity theft.
- Various new cases have clarified the issue of when the holder of a credit card or debit card is responsible for unauthorized charges after failing to review periodic statements.
- A California court has narrowly interpreted the scope of what it means to give “notice” of an unauthorized payment order for purposes of demanding a refund.
- The New York Court of Appeals has resolved a potential conflict between different legal provisions that govern bank responsibilities with respect to unauthorized wire transfers.
- In the absence of federal legislation concerning the responsibilities of financial institutions that discover compromises of personal information, states continue to enact their own, potentially conflicting legislation.

If you have questions or comments, or you would like information on an additional Sheshunoff product, please call 1-800-456-2340. You can also visit our Web site at [www.sheshunoff.com](http://www.sheshunoff.com).

### FILING INSTRUCTIONS

#### Front Pages

- Remove old pages i through xx. Insert 1/07 title page through xx.

#### Tab: Introduction to Electronic Payment Fraud

- Remove old Chapter 1, pages 1-i through 1-12. Insert updated Chapter 1, pages 1-i through 1-12.

#### Tab: Credit Card Fraud

- Remove old Chapter 2, pages 2-i through 2-48. Insert updated Chapter 2, pages 2-i through 2-54.

**Tab: EBPP and P2P Payments**

- Remove old Chapter 3, pages 3-i through 3-54. Insert updated Chapter 3, pages 3-i through 3-56.

**Tab: Fraud Involving ATM and Debit Cards**

- Remove old Chapter 4, pages 4-i through 4-48. Insert updated Chapter 4, pages 4-i through 4-48.

**Tab: Wire Transfer Fraud**

- Remove old Chapter 5, pages 5-i through 5-38. Insert updated Chapter 5, pages 5-i through 5-40.

**Tab: Identity Theft**

- Remove old Chapter 6, pages 6-i through 6-64. Insert updated Chapter 6, pages 6-i through 6-62.

**Tab: Appendices**

- Remove old Appendix J, pages J-1 through J-24. Insert updated Appendix J, pages J-1 through J-4.
- After page Q-8, insert new pages R-1 through S-24.