

RESCINDED

Transmittal – See OCC 2020-11

OCC Bulletin 2006-13| March 16, 2006

Availability of Funds and Collection of Checks (Regulation CC) and Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire (Regulation J): Amendments to Regulation CC and J Addressing Remotely Created Checks

The Federal Reserve Board has approved amendments to its Regulation CC that define "remotely created checks" and create transfer and presentment warranties to shift liability for an unauthorized remotely created check to the institution where it is first deposited. The Board is also adopting conforming cross-references to the proposed new warranties in Regulation J.

In place of a signature, a remotely created check generally bears a statement that the customer authorized the check or bears the customer's printed or typed name. Remotely created checks can be useful payment devices. For example, a debtor can authorize a credit card company to create a remotely created check by telephone. This may enable the debtor to pay the credit card bill in a timely manner and avoid late charges. However, remotely created checks are vulnerable to fraud because they do not bear a signature or other readily verifiable indication that payment has been authorized.

Traditionally, the paying bank bears the risk of liability from an unauthorized check. However, in order to help reduce the potential for fraud, the amendments to Regulation CC create transfer and presentment warranties under which any bank that transfers or presents a remotely created check would warrant that the person on whose account the check is drawn authorizes the check. The warranties would apply only to banks and would ultimately shift liability for losses attributable to an unauthorized remotely created check to the depository bank. These amendments would not affect the rights of checking account customers, as they are not liable for unauthorized checks drawn on their accounts, or any defenses a depository bank may have in such cases.

The amendments are effective on July 1, 2006. The Board's *Federal Register* notice is attached.

Questions may be directed to your OCC supervisory office or the Compliance Policy Department at (202) 649-5470.

Ann F. Jaedicke
Deputy Comptroller for Compliance Policy

Related Links

- [Final Rule 70 FR 71218](#)

To

Chief Executive Officers and
Compliance Officers of All
National Banks, Federal
Branches and Agencies,
Technology Service Providers,
and All Examining Personnel