

FEDERAL RESERVE BANK OF SAN FRANCISCO  
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

March 17, 2005

**BANKING SUPERVISION AND REGULATION:  
REGULATION CC: REQUEST FOR COMMENT**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Request for Comment on Remotely Created Checks (Docket R-1226)**

The Federal Reserve Board is requesting public comment on a proposal to amend its Regulation CC to set forth rules governing remotely created checks. 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.

In order to help reduce the potential for fraud, the proposed amendments to Regulation CC would create transfer and presentment warranties under which the depository bank would warrant that the remotely created check that it is transferring or presenting to the paying bank is authorized by the person on whose account the check is drawn. The proposed warranties would apply only to banks and would ultimately shift liability for losses attributable to an unauthorized remotely created check from the paying bank to the depository bank. These amendments would not affect the rights of checking account customers, as they are already not liable for unauthorized checks drawn on their accounts.

Comments on the Board's proposal are due May 3, 2005.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the proposal, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

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Attachment: [Docket R-1226](#)