



Federal Reserve Responds to Wire Fraud Letter

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On July 9, the Federal Reserve Board (FRB) responded to a letter from forty-three Members of Congress asking the FRB to make combating wire fraud a higher priority. The letter to which FRB responded also suggested that the Fed look at the progress being made in the United Kingdom to address wire fraud and whether the United States can implement similar protocols such as effectively verifying the payee's name on a wire payment.

The FRB's response fell short of what our industry was seeking. They stated that "(payee matching) presents legal and operations challenges," and the, "bank is permitted to rely on the number as proper identification." Their letter further stated that "to require otherwise would create significant operations obstacles to processing hundreds of thousands of wire payments that occur each day. The vast majority are processed by automated means."

The FRB wrote too that enhancing customer identification before opening an account is a means to counteract fraud. They also stated that the Federal Reserve is "engaged in efforts to reduce fraud more broadly in wire payments."

Among the 43 members of Congress who signed the letter to which FRB responded were the following members from Texas' congressional delegation: Roger Williams (R), Lance Gooden (R), Brian Babin (R), Sylvia Garcia (D) and Vicente Gonzalez (D). More Texas Congress members signed the letter than members from any other single state.

TLTA and ALTA continue to work on this issue. In late June, the U.S. House of Representatives passed the Financial Services Appropriations bill. In report language included as part of that that legislation, the Appropriations Committee directed the Department of Treasury to "provide a report to the Committee, within 90 days of enactment of this Act, detailing ongoing activities to both combat and raise awareness of wire fraud in real estate."

TLTA is working with members of Texas' congressional delegation who are on the Appropriations Committee to urge the Treasury to conduct a thorough study of this issue and make solid recommendations.