

EXPEDITED FUNDS AVAILABILITY ACT (EFAA) CHECK CLEARING FOR THE 21ST CENTURY ACT (CHECK 21) REGULATION CC



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EXPEDITED FUNDS AVAILABILITY & REG CC

Applies to BOTH Consumer and Commercial Accounts

Establishes maximum delays for paper checks deposited into transaction accounts

Regulates check collection system

Outlines responsibilities of parties within the check collection process

Contains Check 21 requirements

Creates warranties for Remotely Created Checks

FRB amended Reg CC in recently to encourage faster check processing, including electronically-created items and to adjust availability amounts for CPI-indexing every 5 years

FRB and CFPB will be updating Reg CC further to decrease delay periods and enhance consumer disclosures

REG CC APPLIES TO TRANSACTION ACCOUNTS

Covered Accounts

Accounts which permit an unlimited number of payments to third parties, telephone transfers, and preauthorized transfers (ACH transactions)

Business and personal deposit accounts

By bank policy, you can elect to extend coverage to all deposit accounts if you declare that in your initial disclosures

Accounts Not Covered

Savings Accounts

MMDA Checking

- Can become subject to Reg CC when they exceed transaction limits and are reclassified

Certificates of Deposit

You can extend Reg CC coverage to these deposit accounts if you declare it in your initial disclosures.

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REG CC DISCLOSURE: WRITTEN POLICY

You are required to have a written policy (disclosure) that informs your customers of your check hold practices

- Provide BEFORE the account is opened
 - Funds generally available and holds placed on a “case by case” basis, OR
 - Detail of how to determine what checks will be held and for how long
 - If multiple accounts by same customer, don’t have to give them multiple disclosures
- Potential UDAAP issue
 - Your policy needs to match your actions

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ADDITIONAL DISCLOSURES

Preprinted deposit slips include notice that funds availability may be delayed

Locations where deposits are accepted must have a conspicuous notice setting forth general availability time periods (drive-in, teller window or a new account rep's desk, etc.)

Notify customers

- 30 calendar days before increasing delays (negative)
- 30 calendar days after shortening delays (positive)

Provide to any person upon oral or written request of bank's funds availability disclosure

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ATM DISCLOSURES

§ 229.18

At each ATM location where deposits are accepted, bank must post or provide notice that funds deposited in the ATM may not be available for immediate withdrawal

Off-premise ATMs from which deposits are removed not more than 2 times per week must disclose at or on the ATM the days on which deposits will be considered "received" by the bank

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KEY TERMS

Two Hold Types

- Case-by-Case (CBC) Notice (short form)
- Exception Hold Notice (long form)

Business Day

- Monday through Friday, except Federal banking holidays

Banking Day

- Any business day bank is open for essentially all services
- Day ends at your established cutoff time
 - Cannot be any earlier than 2:00 PM for branch and Noon for ATM
- Establishes the day of deposit

NOTE: Saturday and Sunday are NOT included in either definition, regardless of your hours

- Reg CC is based on the Treasury's check processing schedule

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WHAT AFFECTS AVAILABILITY?

Who deposited the item?

- Existing customer, new customer or repeat overdrafter

What was deposited?

- What type of Reg CC item was deposited?

Where was it deposited?

- In person, night drop, or ATM?

When was it deposited?

- Banking day of deposit before cutoff

Why should you place a hold to delay availability?

- Justification based on customer, item type, other factors

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DELAYED AVAILABILITY – AT THE BANK’S DISCRETION

Time Frames are set by “type of item” and...

- “Next Day” items
- “Local” items

By “type of hold”

- Case-by-Case Hold (“short form”)
- Exception Hold (“long form”)

Six discretionary exceptions by allowing longer delays

- New accounts
- Large deposits
- Redeposited items
- Repeat overdrafts
- Reasonable cause
- Emergency conditions

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CASE-BY-CASE (CBC) HOLDS

Used when your policy is to provide availability earlier than regulation requires

You may invoke holds at your discretion

Use any acceptable reason and you are not required to disclose the reason for the hold to the customer

Place on a per deposited item basis at the bank’s discretion

Can be held up to a maximum of 2 business days

Must make the first \$225 available the next business day if you place a CBC hold!

- If an account is overdrawn at time of deposit, you can net the \$225 against the overdrawn balance
- Only have to make \$225 available once per customer per banking day

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CASE-BY-CASE AVAILABILITY EXAMPLE

If a local check is deposited on Saturday and a case-by-case hold is placed (or the bank's policy is the maximum schedule), when will the funds be available?

- Wednesday.

Since Saturday is not a "business day", the deposit is considered received on Monday. Case-by-case holds for checks can be placed for two (2) business days, so the funds must be available by 9:00 AM Wednesday morning (the second business day following the business day of deposit.)

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HOLD NOTICE VERBIAGE

Funds will be available on the X business day following the banking day of deposit noted above

Funds must be available on the defined business day no later than:

- 9:00 AM local time OR
- When the bank's teller facilities including ATMs are available for customer withdrawal

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NEXT DAY AVAILABILITY ITEMS

§ 229.1

Specialized Reg CC Provisions

Cash (only subject to Reg CC if deposited in ATM)

Electronic Payments such as ACH transactions (next day under Reg CC, but NACHA rules are different and provide earlier access)

- ACH deposits are governed by NACHA and frequently require same day availability on the effective date of the transaction
- Wire transfers are not governed by Reg CC, but are covered under Fed's Operating Circular 6, along with Subpart B of Reg J, for funds transfers made through the Fedwire Funds Service

Next Day Availability Items if deposited into Check Payee's Account

U.S. Treasury Checks

U.S. Postal Service Money Orders

Checks drawn on FRB and FHLB

State and local governments checks (taxing authority itself)

Cashier's, certified, and teller's checks

First \$225 of other checks

Next Day availability is not required if the deposit is not made "in-person" to an employee of the bank (i.e., deposit made at ATM or night drop) or the check is not payable to an owner of the account

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SECOND DAY AVAILABILITY

§ 229.10

Items will be a 2nd business day following banking day of deposit item if:

- Cash deposited at an ATM
- Local checks (default category if the item does not meet any of the other specialized categories)
- Next day availability items if they are not payable to an account owner and endorsed by a third party (i.e., third party checks)
 - U.S. Treasury Checks
 - U.S. Postal Service Money Orders
 - FRB and FHLB checks
 - State and local government
 - Cashier's, certified and teller's checks

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NON-CONTINENTAL DEPOSITS

For depository branches in

- Alaska
- American Samoa
- Guam
- Hawaii
- Northern Mariana Islands
- Puerto Rico or
- U.S. Virgin Islands

One additional business day may be added to each regulatory limit established for items payable by a bank not located in that state or territory

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EXCEPTION HOLDS

§ 229.13

Placed on a per deposited item basis at bank's discretion

Reason must qualify as a regulatory exception and must be provided in writing to customer on hold notice

Can be held for up to 5 or 7 business days in addition to the 2 business days allowed under CBC rules

First \$225 not generally required when invoking EH

Six discretionary Exception Holds to protect you!

- New accounts (special rules using 2 tiers of deposited amount)
- Large deposits (aggregated deposits > \$5,000)
- Redeposited items
- Repeat overdrafts
- Reasonable cause
- Emergency conditions

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NEW ACCOUNTS

§ 229.13(a)

Open less than 30 days AND each account owner is not an established customer with other transaction accounts!

- You want to know how the customer handles his or her checking accounts!

Next-day requirements still apply to

- Cash and electronic credits
- First \$5,000 of "next day" check items including Travelers Checks (but not on-us checks)
 - For purposes of the New Account hold ONLY, Traveler's Checks are treated the same as Cashier, Teller or Certified Checks.

Remainder of "next day" items by no later than 9th business day

- For New Accounts only, "On-Ups" checks → treat as Local Items

No regulatory limit on Local Items

- Recommend using 7 business days; otherwise you have to justify the time period used
- When using 9 business days maximum, you will have to prove it takes that long to get some of these items back

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LARGE DEPOSITS

§ 229.13(b)

Extended holds can be placed on aggregate check deposits when in excess of \$5,000

Extended hold ONLY on amount over first \$5,000!

- Tier 1: First \$5,000 (Case-by-case hold at your discretion)
- Tier 2: Excess over \$5,000 (Large Deposit exception)

You can aggregate deposits for one day to all accounts owned by customer

- All owners don't have to be the same on all accounts, just one common owner on all accounts with deposits that banking day

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REDEPOSITED CHECKS

§ 229.13(c)

Checks returned unpaid can be delayed when being redeposited

Do not apply exception to checks returned for the reasons below if problems have been corrected and are now being redeposited due to:

- Lack of endorsement on check when first deposited
- Postdated (future dated) checks that are no longer postdated

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REPEATED OVERDRAFTS

§ 229.13(d)

An account is repeatedly overdrawn if it has either

- Negative balance for 6 or more banking days in last 6 months (or balance would have been negative if checks had been returned and not posted)
- Negative balance (or would have been negative) over \$5,000 for 2 or more banking days in the last 6 months

The repeat overdraft exception is not calculated on the number of overdraft items honored or returned, but on the number of banking days the account was in an overdraft position, or would have been if items had not been returned

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REASONABLE CAUSE

§ 229.13(3)

Based on facts that would lead a reasonable person to doubt the collectability of a check

Cannot be based on class of check (e.g., out-of-town checks, insurance checks or credit card checks) or based on the class of the depositor (e.g., race or national origin)

Must provide a reason in written notice of delay and retain justification on bank's copy

Cannot be an Unfair or Deceptive Act or Practice

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REASONABLE CAUSE

§ 229.13(e)

Confidential Information

Occasions when known information may indicate check is in question

- Potential kiting
- Check issuer declaring bankruptcy but it has not been publicly announced

Usually cannot be specific on customer's copy of notice (privacy issues)

- Document reasons on the bank's internal copy

Other Reasonable Causes per Reg CC

Notice of returned item

Check deposited was previously returned unpaid

Unable to verify endorsement

- Erasures or alterations
- Stale-dated or post-dated
- Invalid routing number
- Knowledge of bankruptcy/insolvency
- Suspect check kiting

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EMERGENCY CONDITIONS

Provide notice within a reasonable timeframe, depending on circumstances

- Telecommunications outage
- Equipment failure
- War or disaster
- Emergency condition beyond the control of the bank
 - For example, not when your branch office is having communication problems

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WRITTEN NOTICE MUST CONTAIN

- Notice of Hold
- Account # Date
- Subject to Delay \$ _____
- Date Available _/ _/ _ and/or Number of Days until Funds are Available
- Reason (if exception is because _____)

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TIMING OF CUSTOMER NOTICE

Must be given at time of deposit; OR

If facts come to light later or not made in person, by end of next business day

If not given at time of deposit, notify customer that no OD or returned check fees will be assessed if OD would not have occurred but for the delayed availability

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ONE-TIME NOTICE OPTION

Non-Consumer Accounts

- Large deposits (>\$5,000)
- Redeposited checks
- Only if exception will apply to most checks

Repeat Overdraft on All Accounts (Consumer or Commercial)

- Only if exception hold will be placed on most checks deposited
- Single notice good for 6 months

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HOLDS ON OTHER FUNDS

§ 229.19(e)(1)

Check Deposit

- You can place hold on another account other than one where funds are being deposited
- Can't place hold on another account in excess of Reg CC guidelines
- Don't forget to apply the \$225 rule when placing these holds
 - \$225 amount will be adjusted every 5 years

Over the Teller Counter Check Cashing

- Cannot place a hold in excess of the check \$ amount
- Stay within the Reg CC time guidelines
- Cannot place hold on any account for an on-us check cashed at the teller line
 - On-us checks are considered to be FINALLY paid when cashed at your bank

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HOLDS ON NON-TRANSACTION ACCOUNTS

You can place holds on any deposits for non-transaction accounts

- Savings/Money Market

Controlled by your account agreement and bank policy, not by Reg CC → could also become UDAAP issue

Be sure to check state law

Bank required to establish procedures to ensure that the bank complies with Reg CC

Your bank must provide each employee who performs duties subject to the requirements of this subpart with a statement of the procedures applicable to that employee

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MISCELLANEOUS REQUIREMENTS

Regulatory Time of Deposit

- In person/ATM: at time of deposit
- Mail: when received by the bank
- Night Deposit/Lockbox/Non-proprietary ATM: when removed by the bank
- Non-banking day/after cut-off: next business day

Interest must begin to accrue no later than on day bank receives credit

Can use calculated availability for non-consumer accounts

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RECORD RETENTION

§ 229.2(g)(5)

§ 229.21(g)

General – not less than 2 Years

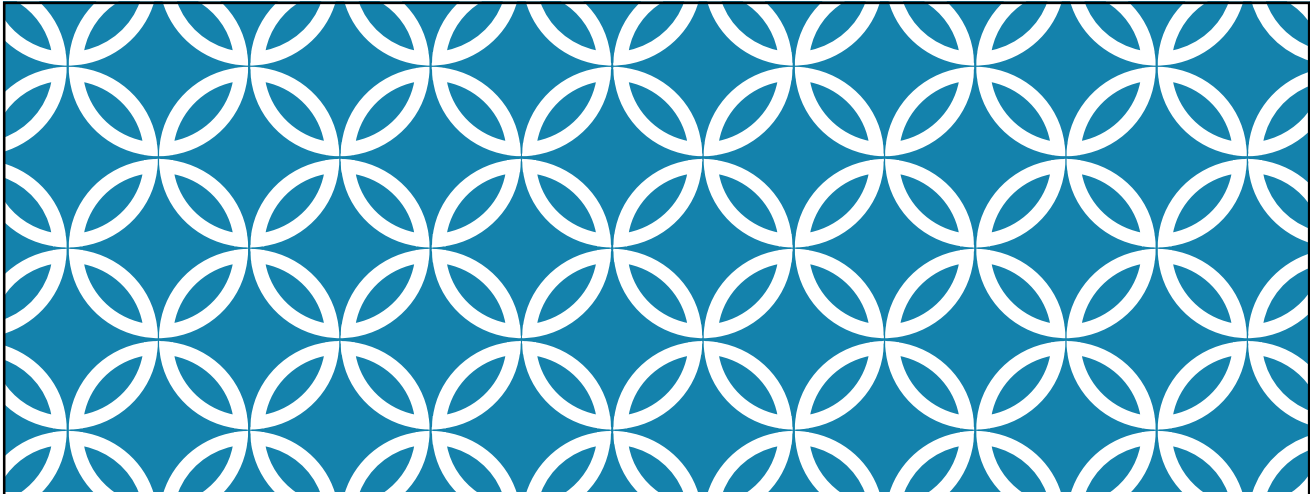
Exception Holds – Must retain reason why collectability was doubted

However – be sure to check state law!

Recommendation – Keep copy of deposit slip and checks with copy of hold form for compliance review or audit and for regulatory examinations

Retain copies of policy and procedures

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AMENDMENTS EFFECTIVE 7/1/2020

SEC. 229.11 - ADJUSTMENT OF DOLLAR AMOUNTS

This section was added, effective July 1, 2020.

(a) Dollar amounts indexed. The dollar amounts specified in §§ 229.10(c)(1)(vii), 229.12(d), 229.13(a), 229.13(b), 229.13(d), and 229.21(a) shall be adjusted effective on July 1, 2020, on July 1, 2025, and on July 1 of every fifth year after 2025, in accordance with the procedure set forth in paragraph (b) of this section using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as published by the Bureau of Labor Statistics.

(b) Indexing procedure—

(1) Inflation measurement periods. For dollar amount adjustments that are effective on July 1, 2020, the inflation measurement period begins in July 2011 and ends in July 2018. For dollar amount adjustments that are effective on July 1, 2025, the inflation measurement period begins in July 2018 and ends in July 2023. For dollar amount adjustments that are effective on July 1 of every fifth year after 2025, the inflation measurement period begins in July of every fifth year after 2018 and ends in July of every fifth year after 2023. Following each inflation measurement period, the dollar amount adjustments will be published in the Federal Register.

(2) Percentage change. Any dollar amount adjustment under this section shall be calculated across an inflation measurement period by the aggregate percentage change in the CPI-W, including both positive and negative percentage changes. The aggregate percentage change over the inflation measurement period will be rounded to one decimal place, using the CPI-W value for July (which is generally released by the Bureau of Labor Statistics in August).

SEC. 229.11- ADJUSTMENT OF DOLLAR AMOUNTS: CONT.

(3) Adjustment amount. The adjustment amount for each dollar amount listed in paragraph (a) of this section shall be equal to the aggregate percentage change multiplied by the existing dollar amount listed in paragraph (c) of this section and rounded to the nearest multiple of \$25. The adjusted dollar amount will be equal to the sum of the existing dollar amount and the adjustment amount. No dollar adjustment will be made when the aggregate percentage change is zero or a negative percentage change, or when the aggregate percentage change multiplied by the existing dollar amount listed in paragraph (c) and rounded to the nearest multiple of \$25 results in no change.

(4) Carry-forward. When there is an aggregate negative percentage change over an inflation measurement period, or when an aggregate positive percentage change over an inflation measurement period multiplied by the existing dollar amount listed in paragraph (c) of this section and rounded to the nearest multiple of \$25 results in no change, the aggregate percentage change over the inflation measurement period will be included in the calculation to determine the percentage change at the end of the subsequent inflation measurement period. That is, the cumulative change in the CPI-W over the two (or more) inflation measurement periods will be used in the calculation until the cumulative change results in publication of an adjusted dollar amount in the regulation.

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SEC. 229.11 - ADJUSTMENT OF DOLLAR AMOUNTS: CONT.

This section was added, effective July 1, 2020.

(c) Amounts. (1) For purposes of § 229.10(c)(1)(vii), the dollar amount in effect during a particular period is the amount stated in this paragraph (c)(1) for that period.

- (i) Prior to July 21, 2011, the amount is \$100.
- (ii) From July 21, 2011, through June 30, 2020, by operation of section 603(a)(2)(D) of the EFA Act (12 U.S.C. 4002(a)(2)(D)) the amount is \$200.
- (iii) Effective July 1, 2020, the amount is \$225.

(2) For purposes of § 229.12(d), the dollar amount in effect during a particular period is the amount stated in this paragraph (c)(2) for that period.

- (i) Prior to July 1, 2020, the amount is \$400.
- (ii) Effective July 1, 2020, the amount is \$450.

(3) For purposes of § 229.13(a), (b), and (d), the dollar amount in effect during a particular period is the amount stated in this paragraph (c)(3) for that period.

- (i) Prior to July 1, 2020, the amount is \$5,000.
- (ii) Effective July 1, 2020, the amount is \$5,525.

(4) For purposes of § 229.21(a), the dollar amounts in effect during a particular period are the amounts stated in this paragraph (c)(4) for the period.

- (i) Prior to July 1, 2020, the amounts are \$100, \$, and \$500,000 respectively.
- (ii) Effective July 1, 2020, the amounts are \$100, \$1,100, and \$552,500 respectively.

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SEC. 229.12 - AVAILABILITY SCHEDULE

CAVEAT: References in this section to nonlocal checks are no longer effective. Nonlocal checks, by definition, ceased to exist when the Federal Reserve System finished its consolidation of check processing regions to a single region in 2010.

para. 4 is added, to read:

4. Dollar Amount Adjustment—See section 229.11 for the rules regarding adjustments for inflation every five years to the dollar amounts in this section.

paragraphs 1 and 2 are revised, to read:

The EFA Act and regulation provide an extension of the availability schedules for Start Printed Page 31698 check deposits at a branch of a bank if the branch is located in Alaska, Hawaii, Puerto Rico, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, or the U.S. Virgin Islands. The schedules for local checks, nonlocal checks (including nonlocal checks subject to the reduced schedules of appendix B), and deposits at nonproprietary ATMs are extended by one business day for checks deposited to accounts in banks located in these jurisdictions that are drawn on or payable at or through a paying bank not located in the same jurisdiction as the depository bank. For example, a check deposited in a bank in Hawaii and drawn on a San Francisco paying bank must be made available for withdrawal not later than the third business day following deposit. This extension does not apply to deposits that must be made available for withdrawal on the next business day.

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Reg. CC Dollar Thresholds Adjusted

CFPB and **Fed** (May 13, 2024) announced a **Final Rule** adjusting minimum amounts that must be made available for withdrawal by next business day for certain types of check deposits (effective July 1, 2025)

- Also modified amounts from certain checks deposited into new accounts subject to next-day availability
- Adjustments based on 5-year change in the CPI for Urban Wage Earners and Clerical Workers from July 2018 to July 2023

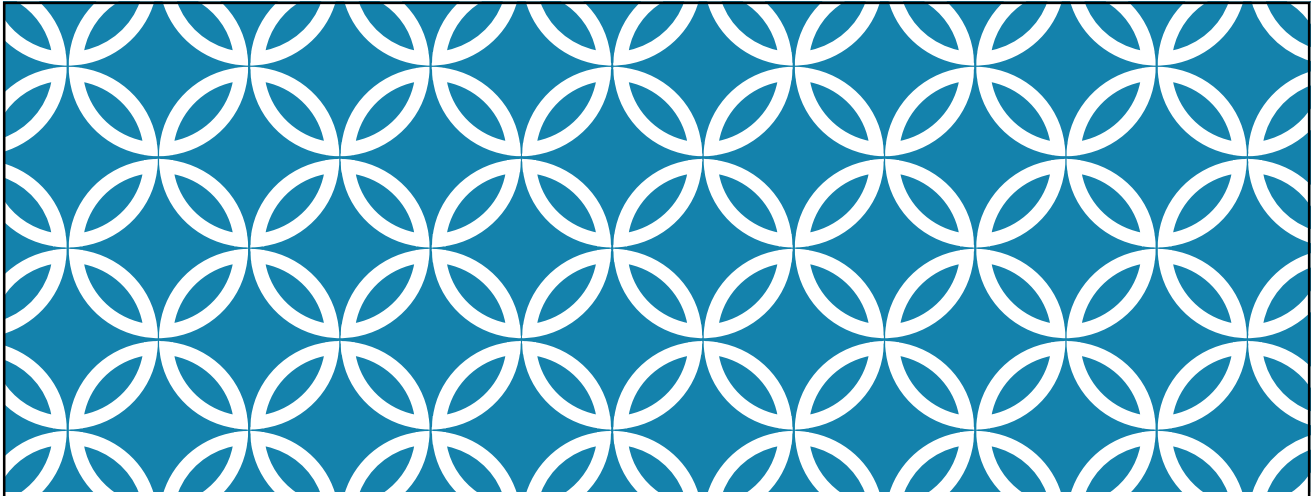
New Thresholds

Section	Threshold
Minimum Amount, 12 CFR 229.10(c)(1)(vii).	\$275
Cash Withdrawal Amount, 12 CFR 229.12(d).	\$550
New-Account Amount, 12 CFR 229.13(a)(1)(ii).	\$6,725
Large-Deposit Threshold, 12 CFR 229.13(b).	\$6,725
Repeatedly Overdrawn Threshold, 12 CFR 229.13(d)(2).	\$6,725
Civil Liability Minimum and Maximum for Individual Action, 12 CFR 229.21(a)(2)(i).	\$125 \$1,350
Civil Liability Maximum for Class Action, 12 CFR 229.21(a)(2)(ii)(B).	\$672,950

Old Thresholds

Section	Threshold
Minimum Amount, 12 CFR 229.10(c)(1)(vii).	\$225
Cash Withdrawal Amount, 12 CFR 229.12(d).	\$450
New-Account Amount, 12 CFR 229.13(a)(1)(ii).	\$5,525
Large-Deposit Threshold, 12 CFR 229.13(b).	\$5,525
Repeatedly Overdrawn Threshold, 12 CFR 229.13(d)(2).	\$5,525
Civil Liability Minimum and Maximum for Individual Action, 12 CFR 229.21(a)(2)(i).	\$100 \$1,100
Civil Liability Maximum for Class Action, 12 CFR 229.21(a)(2)(ii)(B).	\$552,500

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Additional Study Materials

CHECK LAW AND REGULATIONS

Uniform Commercial Code (UCC)

- Article 3 – Negotiable Instruments
- Article 4 – Bank Deposits and Check Collection

Expedited Funds Availability Act (EFAA) and Check 21 Act, implemented by Reg CC

- Check Availability
- Collection of Checks, including endorsement standards plus reps and warranties
- Substitute Checks

Federal Reserve Bank's Regulation J

- FRB's Collection of Checks and Other Items
- Funds Transfers through Fedwire

FEDERAL RESERVE BANK REGIONS



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REG CC: PAPER DEPOSITED ITEMS

Hold periods are determined by the regulation's perceived level of risk associated with each type of item deposited

- Next Day Items – reasonably reliable forms of payment and not generally available for case-by-case holds unless deposited into an account not owned by the check payee
- Local Checks – no more distinction between federal check processing centers within your Fed region
 - Eliminated nonlocal checks when consolidated all the check processing regions into the Cleveland office

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SPECIAL DEPOSIT TICKETS

§ 229.10

If a special deposit slip is required, customers must be informed in advance and they must be reasonably available

Used to denote checks that cannot be identified electronically using the Magnetic Ink Character Recognition (MICR) number at the bottom of the check, such as local government checks and cashier checks

DEPOSIT SLIP

Statement re: possible delayed availability

NAME
ADDRESS
CITY, STATE ZIP

DATE
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE FOR CASH RECEIVED (IF REQUIRED) *

BANK NAME
ADDRESS
CITY, STATE ZIP

CHECK NO. | CHECK AMOUNT | SUB-TOTAL | LESS CASH RECEIVED

Bank Routing Number Bank Account Number

NEXT DAY ITEM: US CURRENCY AND COIN

§ 229.0(a)

Cash is obviously the lowest risk item unless it is counterfeit!

Next day availability unless the cash was deposited in the ATM or night drop – then you can delay availability to the 2nd business day

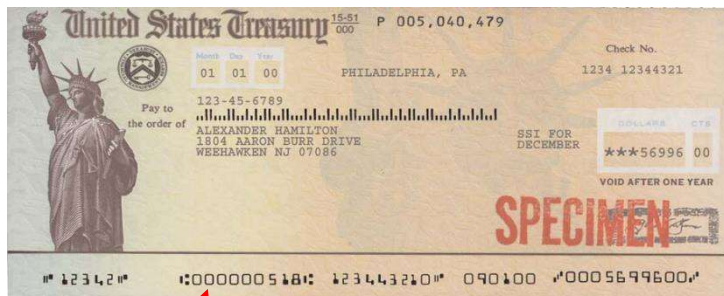
Note: Cash or checks deposited at a nonproprietary ATM can be delayed up to 5 business days.

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NEXT DAY ITEM: TREASURY CHECKS

Issued by the United States Treasury, none of its bureaus or agencies

Considered to be low risk



§ 229.2(k)
§ 229.10(c)

Treasury's Routing and Transit Number (RTTN)

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NEXT DAY ITEM: FRB OR FHLB CHECKS

Federal Reserve Bank checks often issued for principal and interest payments on federal debt instruments. Could also be issued for other purposes.

Federal Home Loan Bank checks are often used by savings associations as teller's checks (official checks).

This definition in Reg CC includes both categories since these are the functional equivalent of Treasury checks or teller's checks.

§ 229.2(k)

§ 229.10(c)

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NEXT DAY ITEM: LOCAL GOVERNMENT

A state, city, county, town, village or other general purpose political subdivision of YOUR state

Does not include special purpose units like school districts, water districts, etc.

§ 229.2(k)

§ 229.10(c)

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NEXT DAY ITEM: US POSTAL MONEY ORDERS

This special treatment ONLY applies to those money orders issued by the US Postal Service

Money orders issued by private labels (Citicorp, Travelers, etc.) are not covered by this special treatment and should be treated as local checks according to the RTTN



§ 229.2(k)
§ 229.10(c)

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NEXT DAY ITEM: CASHIER'S OR TELLER CHECK

Common types of official checks that legally guarantee payment by issuing bank

- Teller check - drawn on another bank
- Cashier's check - drawn on your bank
- "Official check" is an industry term and not in UCC

Excludes checks for other purposes like payroll or accounts payable

§ 229.2(i)
§ 229.10(c)

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NEXT DAY ITEM: CERTIFIED CHECK § 229.2(j) § 229.10(c)

Check is drawn on the customer's account

Bank has certified the drawer's signature is genuine and that funds have been set aside to pay the check

Not very common in today's banking environment



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TRAVELER'S CHECKS § 229.2(hh) § 229.13(a)

Identified on its face as a "traveler's check" and requires purchaser's signature at time of purchase and again at negotiation of check

Same Check Type: 2 Different Rules

Treat the same as official checks when a new depositor opens an account (New Account Hold)

- Subject to next day availability rules

Treat as local check when deposited into an existing account for both CBC and EH holds other than New Account Holds

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ON-US CHECKS

Checks drawn on accounts within your institution

Next day availability unless being held under one of the permissible exception scenarios

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§ 229.2(fff)

REMOTELY CREATED CHECKS (RCC)

A check drawn on a customer account at a bank, created by the payee, and does not bear a signature in the format agreed to by the paying bank and customer (so not a negotiable item!)

Reg CC creates Transfer and Presentment Warranties

Bank where check is first deposited (Bank of First Deposit = BOFD) warrants the RCCs are valid and authorized

- The BOFD is liable for the unauthorized check and will have to collect from its customer who deposited the items!!

Applies to both consumer and non-consumer accounts

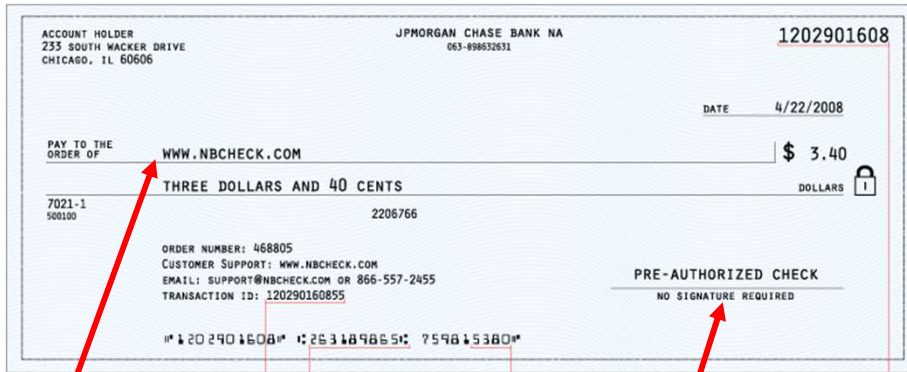
Claims must be pursued outside of the check collection process

- RCC does not qualify as a "check" – lacks customer signature!

UCC 4-406 may preclude a customer from making a claim against the paying bank if the discovery of the unauthorized remotely created check is not made in a timely manner

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REMOTELY CREATED CHECK (RCC)



Usually created by the Check Payee

Lacks customer signature

FINANCIAL SOLUTIONS' EXPEDITED FUNDS AVAILABILITY: REG CC QUICK REFERENCE GUIDE (EFFECTIVE JULY 1, 2020)

PLEASE REVIEW THE NOTES ON PAGE 2 VERY CAREFULLY!

TYPES OF DEPOSITED ITEMS	CASE-BY-CASE HOLDS		EXCEPTION HOLDS						
	DEPOSITED IN PAYEE'S ACCOUNT	NOT DEPOSITED IN PAYEE'S ACCOUNT							
	At Teller Station	At Teller Station	New Account (1) Tier 1: First \$5525	New Account (1) Tier 2: \$5 - \$5525	Large Deposits (5) (ONLY Amt ~\$5525)	Redeposited Items (6)	Repeat Overdraft Accounts (7)	Reasonable Cause (8)	Emergency Conditions (9)
Cash	Next Day Availability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electronic Deposits	Next Day Availability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
US Treasury Checks (RTTN begins with '0000')	Next Day Availability	2 day max \$225 Rule CBC Form	Case-by-Case Rules Apply (2)	9 day max (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	N/A	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
US Postal Money Orders Max Domestic \$1000 Max International \$700*	Next Day Availability	2 day max \$225 Rule CBC Form	Case-by-Case Rules Apply (2)	9 day max (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	N/A	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
Other Government Checks issued by a state or a general purpose unit of government (10)	Next Day Availability	2 day max \$225 Rule CBC Form	Case-by-Case Rules Apply	9 day max (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
Federal Reserve Bank or Federal Home Loan Bank Checks	Next Day Availability	2 day max \$225 Rule CBC Form	Case-by-Case Rules Apply	9 day max (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
Cashier, Teller or Certified Checks (3)	Next Day Availability	2 day max \$225 Rule CBC Form	Case-by-Case Rules Apply (3)	9 day max (3) (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
On-Us Checks	Next Day Availability	Next Day Availability	9 max days (4) \$225 N/A EH Form	9 max days (4) \$225 N/A EH Form	2 day max on \$ over \$5525 \$225 N/A EH Form	2 day max \$225 N/A EH Form	2 day max \$225 N/A EH Form	2 day max \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form
Local Checks Note: Nonlocal check category eliminated effective 2/27/2019†	2 day max \$225 Rule CBC Form	2 day max \$225 Rule CBC Form	9 max days (4) \$225 N/A EH Form	9 max days (4) \$225 N/A EH Form	7 day max (4) on \$ over \$5525 \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	7 day max (4) \$225 N/A EH Form	no limit, must justify \$225 N/A EH Form

* The maximum amount allowed for each international money order is \$700 (\$500 for El Salvador and Guyana).

Revised April 1, 2020

https://www.finsolinc.com/uploads/5/6/9/3/56932361/reg_cc_quick_reference_chart_july_1_2020.pdf

Page 1 of 2

EFAA - Regulation CC

NOTES: EXPEDITED FUNDS AVAILABILITY: REG CC QUICK REFERENCE GUIDE (EFFECTIVE JULY 1, 2020)

Remember that you must always give the customer a notice of delayed availability at the time of transaction or within one business day of identifying the circumstances warranting the customer hold except for new accounts, repeat overdraft accounts, and commercial accounts when disclosed that most deposits will be held per the bank's schedule. For ease of implementation, this chart does not take into consideration the additional options available under Reg CC to differentiate between "in person" deposits and "deposits made at nonproprietary ATMs."

- (1) An account is considered a new account during the first 30 calendar days after the account is established. An account is not considered a new account if each customer on the account has had, within 30 calendar days before the account is established, another transaction account (including a dormant account) at the depository bank for at least 30 calendar days.
- (2) No different provisions apply for the first \$5,525 of US Treasury Checks, US Postal Money Orders, Other Government Checks, FRB or FHLB Checks for new accounts as long as they meet the next day availability rules. The first \$5,525 of a New Account deposit of these lower risk checks into the check payee's account must be given next day availability. If deposited into a non-payee account, the first \$225 must be given next day availability and \$5,300 must be available on second business day. The extended new account hold of 9 business days can be applied to the amount in excess of the first \$5,525 of the aggregated checks deposited for that customer on that banking day of deposit.
- (3) For purposes of the New Account hold ONLY, Traveler's Cheques are treated the same as Cashier, Teller or Certified Checks.
- (4) Be sure to verify that your Reg CC account disclosures and your lobby posters state that 7 days is typically the longest period of time stated for Exception or Safeguard deposit holds. Disclose 9 days as the maximum applicable to New Account holds in your disclosures. On occasion, some financial institutions have stated shorter maximum hold periods in the consumer compliance disclosures or your lobby funds availability posters. We recommend that you disclose the highest maximum allowed so you do not exceed your disclosures.
- (5) Large deposits rules in this column only apply to the portion in excess of \$5,525. For purposes of this exception hold, you may aggregate deposits to all accounts held by the customer, even if the customer is not the sole holder of the accounts and not all holders on all accounts are the same. Do not place large deposit exception holds on the first \$5,525 of aggregated deposits under any circumstances!! We recommend you place a case-by-case hold on the first \$5,525.
- (6) Redeposited items are items that have been returned for nonpayment by the payor institution and are now being redeposited by your transaction account customer. If the check is returned for a procedural reason that has not been corrected (i.e., missing endorsement, postdated check, etc.), you cannot place a Redeposited Item Hold on these checks. If the item was returned for bad signature, insufficient funds or other non-procedural reasons, then the Redeposited Item Hold is appropriate.
- (7) Repeat Overdraft Holds are available for the check deposits of customers whose accounts have been repeatedly overdrawn. Per Reg CC, repeatedly overdraw means one of the following two definitions and is applicable for the next 6 months following the determination date when you decided the customer was a Repeat Overdraft Customer:
 - a. Overdrawn (or would have been overdrawn if checks hadn't been returned) for six or more business days during the previous six-month period (6 separate days or 6 days in a row);
 - OR
 - b. Overdrawn by at least \$5,525 on two or more business days in the past six months.
- (8) Reasonable Cause Holds are placed if the institution reasonably believes it will not receive payment for the check. This hold could be placed in many situations including the following examples:
 - a. The paying financial institution has sent a notice of dishonor stating that it will not pay the check.
 - b. It looks like the person presenting the check for deposit signed both names to a check payable to two people (We are unable to verify the endorsement of a joint payee).
 - c. The check is being deposited more than 6 months after the date on the check (state-dated) or the check is being deposited before the date on the check (post-dated).
 - d. You have information that the depositor is involved in fraudulent activities (check kiting, etc.), the depositor is insolvent or that the paying institution is insolvent;
 - e. You have confidential information that the check may not be paid (be sure to retain documentation to support use of confidentiality reason); or
 - f. There are erasures or other alterations visible on the check.
- (9) Emergency Conditions that are outside of the bank's control allow you to place extended holds on deposited items. The following are examples of potential emergency conditions:
 - a. Power or equipment failure at the financial institution;
 - b. Another financial institution is insolvent;
 - c. During a state of war;
 - d. In any other emergency outside of the institution's control
- (10) Other government checks are defined to be a check drawn by a state or a unit of general local government (city, county, parish, town, township, village, or other general purpose political subdivision of a state). This does not include special purpose units of government such as school districts or water districts. Special purpose unit checks are treated as local checks.

Customer Notice Form Legend:
 CBC Form Case By Case Delayed Availability Notice for Customer (does not have to include a specific reason to justify the delay in availability).
 EH Form Exception Hold Delayed Availability Notice for Customer (must have a specific reason acceptable under Reg CC to justify the extended delay in availability).

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NOTICE OF DELAYED AVAILABILITY

SAMPLE BANK
 PO Box 999
 City, State 99999-9999

Account Holder Name & Address
 NAME _____
 ADDRESS _____
 CITY, STATE & ZIP CODE _____

Account Number: _____ ACCOUNT NUMBER
 Date of Transaction: _____ DATE
 Amount of Deposit: _____ TOTAL DEPOSIT

*If you did not receive this notice at the time you made the deposit and the check(s) you deposited is/are paid, we will refund to you any fees for overdrafts or return checks that result solely for the additional delay we are imposing on the delayed amount. To obtain a refund of such fees, please call us at 999-555-2222 or write to us at the address listed above.

CASE-BY-CASE HOLD*
 We are delaying the availability of \$ _____ AMOUNT from the transaction(s) listed above. These funds will be available on the **second** business day after the day of your deposit.

SAFEGUARD EXCEPTION HOLD
 We are delaying the availability of \$ _____ AMOUNT from the transaction(s) listed above. These funds will be available on the **seventh** business day after the day of your deposit.

Check Description: # _____ Maker of Check _____

We are taking this action because:

A check you deposited was previously returned unpaid.

You have overdrawn your account repeatedly in the last six months.
Note: "Repeatedly overdrawn" means overdrawn for six or more business days during the previous six-month period OR overdrawn \$5,000 or more for at least 2 business days in the last six-month period.

An emergency, such as failure of computers or communications equipment, has occurred.

We believe a check you deposited will not be paid for the following reason:

- We received notice that the check is being returned unpaid.
- We are unable to verify an endorsement.
- There are erasures or other apparent alterations on the check.
- The check is postdated (future-dated) or has a stale date (over 6 months old).
- The check has an invalid routing and/or account number.
- Information from the paying bank indicates that the check may not be paid.
- We have confidential information that indicates that the check may not be paid.
- Other: _____

(*Other* reasons must be verified with supervisor before hold is placed!!!)

The check(s) you deposited from the transaction listed above exceed \$5,000.00. We are making the \$200.00 of your deposit available to you immediately. The next \$4,800.00 will be available to you on the **second** business day after the day of your deposit. The remaining deposited balance will be available to you on the **seventh** business day after the day of your deposit.

You are a new Sample Bank deposit account owner and your account has been open 30 calendar days. The first \$5,000.00 of funds deposited from cash, wire transfers, cashier's, certified, teller's, traveler's and federal, state and local government checks will be available on the **first** business day after the day of your deposit. The remaining deposit balance will be available to you on the **ninth** business day after the day of your deposit. If your deposit was not made in person to one of our tellers, the first \$5,000 will not be available until the **second** business day after the day of your deposit. Funds from all other checks deposited will be available on the **ninth** business day after the day of your deposit.

NOTICE GIVEN AT TIME OF DEPOSIT _____ X _____
 NOTICE MAILED BY _____ DATE: _____

TELLER PLACING HOLD _____ KEYED BY: _____ REVIEWED BY: _____

BANK EMPLOYEES: Attach copy of deposit slip and delayed checks to bank copy. Scan and email the hold record to info@samplebank.com for review the same business day. Retain branch copy in file for two (2) years.

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SURPRISING SURGE IN PAPER CHECK FRAUD

Banks issued roughly 680,000 reports of check fraud to the Financial Crimes Enforcement Network, also known as FinCEN, last year. That's up from 350,000 reports in 2021.

Meanwhile the U.S. Postal Inspection Service reported roughly 300,000 complaints of mail theft in 2021, more than double the prior year's total.

Check usage has been in decline for decades as Americans have largely switched to paying for their services with credit and debit cards. Americans wrote roughly 3.4 billion checks in 2022, down from nearly 19 billion checks in 1990, according to the Federal Reserve. However, the average size of the checks Americans write rose from \$673 in 1990 — or \$1,602 in today's dollars — to \$2,652 last year.

“Despite the declining use of checks in the United States, criminals have been increasingly targeting the U.S. Mail since the COVID-19 pandemic to commit check fraud,” FinCEN wrote in an alert sent out in February.

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FinCEN

ALERT

FIN-2023-Alert003

February 27, 2023

FinCEN Alert on Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting the U.S. Mail

Suspicious Activity Report (SAR) Filing Request

FinCEN requests that financial institutions reference this alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term “FIN-2023-MAILTHEFT” and marking the check box for check fraud (SAR Field 34(d)).

In light of a nationwide surge in check fraud schemes targeting the U.S. Mail¹ (hereinafter “mail theft-related check fraud”), the Financial Crimes Enforcement Network (FinCEN) is issuing this alert to financial institutions² to be vigilant in identifying and reporting such activity. Mail theft-related check fraud generally pertains to the fraudulent negotiation of checks stolen from the U.S. Mail. Fraud, including check fraud, is the largest source of illicit proceeds in the United States and represents one of the most significant money laundering threats to the United States, as highlighted in the U.S. Department of the Treasury’s most recent National Money Laundering Risk Assessment and National Strategy for Combatting Terrorist and other Illicit Financing.³ Fraud is also one of the anti-money laundering/countering the financing of terrorism (AML/CFT) National Priorities.⁴

FinCEN is issuing this alert in close collaboration with the United States Postal Inspection Service (USPIS)⁵ to ensure that SARs filed by financial institutions appropriately identify and report suspected check fraud schemes that may be linked to mail theft in the United States. This alert provides an overview of a recent surge in mail theft-related check fraud, highlights select red flags to assist financial institutions in identifying and reporting suspicious activity, and reminds financial institutions of their reporting requirements under the Bank Secrecy Act (BSA).

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Emerging Trends in Mail Theft-Related Check Fraud Schemes

Despite the declining use of checks in the United States,⁶ criminals have been increasingly targeting the U.S. Mail since the COVID-19 pandemic to commit check fraud.⁷ The United States Postal Service (USPS) delivers nearly 130 billion pieces of U.S. Mail every year to over 160 million residential and business addresses across the United States.⁸ From March 2020 through February 2021, the USPS received 299,020 mail theft complaints, which was an increase of 161 percent compared with the same period a year earlier.⁹ BSA reporting for check fraud has also increased in the past three years. In 2021, financial institutions filed more than 350,000 SARs to FinCEN to report potential check fraud, a 23 percent increase over the number of check fraud-related SARs filed in 2020. This upward trend continued into 2022, when the number of SARs related to check fraud reached over 680,000, nearly double the previous year's amount of filings.¹⁰

Mail Theft Risks and Vulnerabilities

Criminals committing mail theft-related check fraud generally target the U.S. Mail in order to steal personal checks, business checks, tax refund checks, and checks related to government assistance programs, such as Social Security payments and unemployment benefits. Criminals will generally steal all types of checks in the U.S. Mail as part of a mail theft scheme, but business checks may be more valuable because business accounts are often well-funded and it may take longer for the victim to notice the fraud. There have been cases of Postal Service employees stealing checks at USPS sorting and distribution facilities.¹¹ However, according to USPS, mail theft-related check fraud is increasingly committed by non-USPS employees, ranging from individual fraudsters to organized criminal groups comprised of the organizers of the criminal scheme, recruiters, check washers, and money mules.

F I N C E N A L E R T

Check Washers: Check washing involves the use of chemicals to remove the original ink on a check to replace the payee and often the dollar amount. Fraudsters may also copy and print multiple washed checks for future use or to sell to third-party criminals.¹²

Money Mules: A money mule is a person (whether witting or unwitting) who transfers or moves illicit funds at the direction of or on behalf of another.¹³

These criminals, located throughout the country, target USPS blue collection boxes, unsecured residential mailboxes, and privately owned cluster box units at apartment complexes, planned neighborhoods, and high-density commercial buildings. Mail theft can occur through forced entry or the use of makeshift fishing devices,¹⁴ and increasingly involves the use of authentic or counterfeit USPS master keys, known as Arrow Keys. Arrow Keys open USPS blue collection boxes and cluster box units within a geographic area, and a number of recent cases involve organized criminals violently targeting USPS mail carriers with the intent of stealing Arrow Keys.¹⁵ There have also been cases of corrupt Postal Service employees who unlawfully provide Arrow Keys to criminal actors to facilitate mail theft.¹⁶ Illicit actors may also copy and sell stolen Arrow Keys to third-party fraudsters on the dark web and through encrypted social media platforms in exchange for convertible virtual currency.

FINCEN ALERT

- 7** Examination of suspect checks reveals faded handwriting underneath darker handwriting, giving the appearance that the original handwriting has been overwritten.
- 8** Suspect accounts may have indicators of other suspicious activity, such as pandemic-related fraud.²⁰
- 9** New customer opens an account that is seemingly used only for the deposit of checks followed by frequent withdrawals and transfer of funds.
- 10** A non-customer that is attempting to cash a large check or multiple large checks in-person and, when questioned by the financial institution, provides an explanation that is suspicious or potentially indicative of money mule activity.

Mail Theft-Related Check Fraud Reporting Hotline for Victims

In addition to filing a SAR, as applicable, financial institutions should refer their customers who may be victims of mail theft-related check fraud to the USPS at 1-877-876-2455 or <https://www.usps.gov/report> to report the incident.

USPIS Tips to Prevent Mail Theft

FinCEN recommends as a best practice that financial institutions refer their customers to www.usps.gov/tips-prevention/mail-theft for tips from the USPIS on how to protect against mail theft.

If customers appear to be a victim of a theft involving USPS money orders, refer them to <https://www.usps.com/shop/money-orders.htm> for guidance on how to replace a lost or stolen money order.

Financial Red Flags Relating to Mail Theft-Related Check Fraud

FinCEN, in coordination with USPIS, has identified red flags to help financial institutions detect, prevent, and report suspicious activity connected to mail theft-related check fraud, many of which overlap with red flags for check fraud in general. As no single red flag is determinative of illicit or suspicious activity, financial institutions should consider the surrounding facts and circumstances, such as a customer’s historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple red flags, before determining if a behavior or transaction is suspicious or otherwise indicative of mail theft-related check fraud. In line with their risk-based approach to compliance with the BSA, financial institutions are also encouraged to perform additional due diligence where appropriate.

- 1** Non-characteristic large withdrawals on a customer’s account via check to a new payee.
- 2** Customer complains of a check or checks stolen from the mail and then deposited into an unknown account.
- 3** Customer complains that a check they mailed was never received by the intended recipient.
- 4** Checks used to withdraw funds from a customer’s account appear to be of a noticeably different check stock than check stock used by the issuing bank and check stock used for known, legitimate transactions.
- 5** Existing customer with no history of check deposits has new sudden check deposits and withdrawal or transfer of funds.
- 6** Non-characteristic, sudden, abnormal deposit of checks, often electronically, followed by rapid withdrawal or transfer of funds.

17. See USPIS, Scam Article, [Check Fraud](#) (May 1, 2019).
 18. In the case of mail theft-related check fraud, money mules are generally younger in age and are willing accomplices in the scheme. In certain cases, criminal organizations prey upon homeless individuals and addicts by soliciting them as money mules and giving them a small portion of the cashed checks.
 19. See generally DOJ, Press Release, “Repeat Offender on Supervised Release Admits to Stealing Mail and Pleads Guilty to Wire Fraud” (June 7, 2022).



FOR IMMEDIATE RELEASE
May 12, 2023



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USPS, Postal Inspection Service Roll Out Expanded Crime Prevention Measures To Crack Down on Mail Theft, Enhance Employee Safety and Strengthen Consumer Protections

Joint Project Safe Delivery initiative focused on reducing letter carrier robberies and mail theft; preventing change of address fraud; defeating counterfeit postage

WASHINGTON — The United States Postal Service (Postal Service) and United States Postal Inspection Service (Postal Inspection Service) today announced expanded actions to protect Postal employees and the security of the nation's mail and packages as threats and attacks on letter carriers and mail fraud incidents have escalated concurrently with a national rise in crime. The Postal Service and Postal Inspection Service held a joint briefing for Congress members and staff on these efforts on May 11, 2023.

"As crime rises, so do the threats against our public servants," said Postmaster General and Chief Executive Officer Louis DeJoy. "The men and women of the Postal Service are walking our nation's streets every day to fulfill our mission of delivering mail and packages to the American people. Every Postal employee deserves to work in safety and to be free from targeting by criminals seeking to access the public's mail."

"We're doubling down on our efforts to protect our Postal employees and the security of the mail. We are hardening targets – both physical and digital – to make them less desirable to thieves and working with our law enforcement partners to bring perpetrators to justice," said Postal Inspection Service Chief Gary Barksdale.

Incidents of letter carrier robberies are on the rise across the nation. In FY22, 412 USPS letter carriers were robbed on the job. With 305 incidents reported in the first half of FY23, these incidents are increasingly more prevalent. Additionally, the agency reported an increase in high volume mail theft incidents from mail receptacles including blue collection boxes: 38,500 in FY22 and more than 25,000 in the first half of FY23. The Postal Service will continue to work with its unions and management associations on training and employee education for letter carriers and other postal workers.

EXPANDED PROJECT SAFE DELIVERY ACTIONS

Reducing Letter Carrier Robberies and Mail Theft - As part of Project Safe Delivery, USPS and USPIS are taking action to harden physical targets against criminal activity and reduce criminal acts against postal employees including:

- 12,000 High Security Blue Collection Boxes To Be Installed Nationwide. The Postal Service is hardening blue collection boxes making access to their contents more difficult for criminals. These boxes are now being deployed in high security risk areas through the next fiscal year. The Postal Service will continue to evaluate replacing additional existing blue collection boxes with these enhanced boxes.
- 49,000 Electronic Locks to Replace Antiquated Arrow Locks. There has been an increase in letter carrier robberies nationwide where criminals are targeting letter carriers for their Arrow and Modified Arrow Lock (MAL) Keys. Criminals use Arrow and MAL keys to steal mail from secure mail receptacles to commit financial crimes, including altering checks to commit check fraud. To make Arrow Keys less valuable for criminals, the Postal Service will replace 49,000 antiquated 2 arrow locks with electronic locks. New locks have been installed in select cities with installation to occur in additional major metropolitan areas soon. The Postal Service and the Postal Inspection Service are also increasing Arrow Key accountability reviews in select high Postal crime areas.

EXPANDED PROJECT SAFE DELIVERY ACTIONS

Preventing Change of Address Fraud –The Postal Service processed more than 33 million change of address (COA) transactions in FY22. The majority of COA frauds are driven by an identity theft motive separate from the Postal Service. The Postal Service is not the intended target but implicated as the fraudster intercepts financially oriented mail, credit cards or checks. The Postal Service is embarking on strengthening authentication processes for all methods of COA – electronic, and hard copy format whether by mail or in-person. Actions include:

- In April, the Postal Service implemented dual authentication Identity Verification Services for online change of addresses transactions to provide enhanced security controls to reduce fraud.
- Effective May 31, the Postal Service will offer enhanced in-person change of address transactions at Post Offices and retail outlets. COA customers can verify their identity by presenting an approved form of identification to a retail clerk.
- Postal Service customers seeking a COA will now receive a validation letter at their old address and receive an activation letter at their new address.
- As an additional safeguard, the Postal Service will no longer accept third-party change of address submissions.

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EXPANDED PROJECT SAFE DELIVERY ACTIONS

Defeating counterfeit postage – In FY2022, the Postal Service and Postal Inspection Service seized more than 340,000 packages with counterfeit postage and more than 7.7 million counterfeit stamps with an estimated \$7.8 million loss avoidance for the Postal Service. Expanded actions to crack down on fraudulent postage include:

- Postal Service interdictions of packages with counterfeit labels affixed. The Postal Service will fully exercise new authority to take possession and dispose of packages identified with counterfeit postage.
- Reviews of shipments on Postal Service docks and during warehouse outreach visits
- Shut down of websites and closure of eCommerce accounts selling counterfeit postage
- Engagement and partnership with eCommerce companies to disrupt activity
- Customs and Border Protection (CBP) collaboration
- Promotion of the Inspection Service's rewards program which provides rewards for information leading to the arrest and conviction of a person that unlawfully uses, reuses, or forges postage stamps, postage meter stamps, permit imprints, or other postage; or uses, sells, or possesses with the intent to sell any used, forged, or counterfeit postage stamp or other postage.

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EXPANDED PROJECT SAFE DELIVERY ACTIONS

Action the American Public Can Take To Help Prevent Mail Theft

Customers can take several steps to protect their mail and their letter carriers, including:

- Don't let incoming or outgoing mail sit in your mailbox. You can significantly reduce the chance of being victimized by simply removing your mail from your mailbox every day.
- Deposit outgoing mail through a number of secure manners including inside your local Post Office or at your place of business or by handing it to a letter carrier.
- Sign up for Informed Delivery and get daily digest emails that preview your mail and packages scheduled to arrive soon.
- Become involved and engaged in your neighborhood via neighborhood watches and local social media groups to spread awareness and share information.
- Keep an eye out for your letter carrier. If you see something that looks suspicious, or you see someone following your carrier, call 911.

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EXPANDED PROJECT SAFE DELIVERY ACTIONS

Customers are encouraged to report stolen mail as soon as possible by submitting an online complaint to the Postal Inspection Service at www.uspis.gov/report or calling 877-876-2455.

Additionally, individuals are encouraged to report allegations of Postal Service employee misconduct, including attempts to corrupt a Postal Service employee, to the USPS OIG at 1-888-877-7644 or www.uspsaig.gov.

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