

**From:** Bob Slutzky <bslutzky@armorholdings.com> on 02/09/2004 08:51:04 PM  
**Subject:** Availability of Funds and Collection of Checks

Federal Reserve System  
Attn: Ms. Jennifer J. Johnson  
Board of Governor of the Federal Reserve System  
RE: Docket #R-1176, Comments on Check 21

To Whom It May Concern:

While reviewing the "Check 21" legislation with members of law enforcement financial crimes departments and organizations involved in loss prevention serving the banking and finance community, it has come to our attention that there is significant concern regarding a security issue not currently addressed. Since the 1980's, inkless fingerprinting has been used as system to provide significant check fraud deterrence and provide law enforcement and the justice system with Internationally recognized positive proof of identification in situations where fraud is suspected.

These programs have been approved and encouraged by entities such as the American Bankers Association:

"Many banks across the country have experienced dramatic reductions in check fraud with a fingerprint signature program. Banks in Las Vegas, for example, reduced counterfeit check losses by 42% in one year - and industries as varied as U-Haul, check cashing outlets, and the Los Angeles County welfare department have also found this system a significant deterrent to check fraud. Endorsed by the Federal Reserve Banks and the FBI, ABA's Touch Signature is foolproof and simple to use: the non-account holder presses their finger (usually the right index) on the inkless touch pad, then places that finger on the check between the memo and signature lines, leaving a clear, distinct, and identifiable fingerprint. It's inkless, clean, permanent, and affordable - a great way to protect your bank."  
Ref: ([http://www.aba.com/Products/ps\\_touch\\_page1.htm](http://www.aba.com/Products/ps_touch_page1.htm))

and the Federal Bureau of Investigation:

" The FBI is fully supportive of the inkless fingerprint program for non-bank customers as a preventive measure in combating check fraud and counterfeit negotiable schemes. Additionally, the FBI and the Office of The Comptroller of the Currency published Check Fraud: A Guide to Avoiding Losses to assist financial institutions in identifying these schemes. In an effort to assist financial institutions in the identification of computer-related crimes, the FBI obtained the concurrence of the federal banking regulatory agencies to modify the Suspicious Activity Report with areas for financial institutions to report these crimes."

Ref: <[http://www.fbi.gov/hq/cid/fc/fifu/about/about\\_fifu.htm](http://www.fbi.gov/hq/cid/fc/fifu/about/about_fifu.htm)>

It has come to our attention that the specifications for capturing and transmitting images on the checks will not meet FBI standards for identifying fingerprints. The transmitted images would not be viable for identification in cases of check fraud and could not therefore be used as evidence in criminal prosecutions.

In addition, apparently no provisions within the Check 21 legislation have been made to require banks to retain fingerprinted checks for a period sufficient to ascertain viability of the transaction. These checks can be

destroyed at the discretion of the bank, without regard to the potential use of the fingerprint to provide identification of a perpetrator and important evidence, should the perpetrator be apprehended.

The implementation of the Check 21 legislation, with all it's positive aspects, could potentially open the doors to a significant rise in check fraud if measures are not taken to address the aforementioned issues.

Regards,

Robert Slutzky  
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