

From: "John Schuler" <john.schuler@chsl.cc> on 03/08/2005 03:41:30 PM

Subject: Collection of Checks and Funds Transfers Through Fedwire and Availability of Funds

I would like to comment on the proposed No. R-1226.

It is my understanding that this rule addresses the liability issue of "authorized by your depositor" drafts that are fraudulently (i.e. not authorized) placed into the system.

It is also my understanding the rule would make the bank that first put the draft into the check collection system liable rather than the bank that has the account the draft is drawn on. This would put the fraud loss closer to where it rightfully belongs: on the bank that has the con artist as its customer.

This rule is a good one. It makes sense and would reduce the number of fraudulent drafts. It even would reduce the number of errors in the system, given that the bank of first deposit would tend to fee the errant customer for submitting a bogus draft.

Please consider this a positive nod for No. R-1226.

Thank you.

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