



**Community Bankers
Association of Illinois**
One Mission. **Community Banks.**

CBAI Named to Participate in Revising UCC Articles to Address Payment Fraud

On April 23rd, CBAI was named to participate in a Uniform Law Commission's study committee tasked with recommending revisions to the UCC's Articles 3, 4 and 4a to address the modern reality of various payment fraud, and in particular, check fraud. CBAI will attend all meetings and be fully engaged in the discussions, during which it will review and make recommendations for revisions to the appropriate articles of the UCC concerning the allocation of losses resulting from fraudulently altered and counterfeit checks and fraudulent wire transfers. CBAI appreciates the opportunity to work closely with the Independent Community Bankers of America (ICBA) on this important endeavor.

CBAI's involvement in addressing check fraud began more than four years ago when we were alerted to this problem by a member. Since then, CBAI has annually surveyed its members and provided the survey results and recommendations for addressing this pervasive and severe problem to all federal banking regulators.

Those recommendations included issuing joint supervisory guidance directed at the largest financial institutions to address their apparent compliance failures in opening fraudulent accounts, robustly examining these largest financial institutions to ensure their compliance with Know Your Customer (KYC) and related regulations, and ensuring that these financial institutions promptly and reasonably reimburse community banks for fraudulently altered checks.

[Read CBAI's April 13 Letter to the Regulators with Survey Results and Recommendations →](#)

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