

UNIFORM PAYMENTS ALERT

Date: 8/14/17

Issued By: ePayResources

Source of Information: Member Institution; Federal Reserve Bank; Federal Trade Commission

Scope of Impact: Significant Impact to Social Security Credit Union, Birmingham, AL

Type of Alert: Fraud

Statement of Issue: Scam artists are instructing consumers to use the routing number of Social Security Credit Union, Birmingham, Alabama (262085863) to make electronic payments through the ACH Network. This is related to the scam involving Federal Reserve Bank RTNs that was reported via Uniform Payments Alert this past Friday, August 11.

Instructions: Items originated as part of this fraudulent payment scam are now using the RTN of Social Security Credit Union (262085863) in Alabama. There has been massive fraudulent item activity for RDFI ABA 262085863. Please monitor origination activity to this ABA to identify high volumes of small dollar transactions or unusual spikes in volumes, or block this ABA on all new originations until you have fully investigated the legitimacy of the transactions.

Financial institutions should report instances of fraud related to the schemes via email to: RTN.fraud@ny.frb.org. Organizations incurring a financial loss as a result of this fraud scheme should also contact Special Agent Brad Carpenter with the FBI Cyber Division at bmcarpenter@fbi.gov.

Narrative:

URGENT FRAUD UPDATE: Fraudulent payment scam last reported on August 11 is now using the RTN of Social Security Credit Union (262085863), Birmingham, Alabama.

There has been massive fraudulent item activity for RDFI ABA 262085863. Please monitor origination activity to this ABA to identify high volumes of small dollar transactions or unusual spikes in volumes, or block this ABA on all new originations until you have fully investigated the legitimacy of the transactions.

On July 31 and August 11, ePayResources reported that the Federal Reserve Banks have received unauthorized transactions in which consumers have tried to use the Fed's routing numbers and their own Social Security numbers to pay their bills. The Federal Trade Commission (FTC) also reports that federal officials, consumer advocates, and businesses are hearing from people who have responded to ads, websites, phone calls, text messages, and visits from sales people who claim the federal government will pay their bills in exchange for a fee and personal information. In addition, a video currently available on YouTube attempts to convince viewers that they can legally pay their bills through Treasury Direct Accounts.

Scam artists are instructing consumers to use the routing number of the Federal Reserve Bank of Atlanta (061000146) to make both check and electronic payments through the ACH Network. Other routing numbers being used in these scams include 051736158 (Bureau of Public Debt, Parkersburg, WV) and 021050466 (Federal Reserve Bank of New York Disbursing Division). **Items originated as part of this fraudulent payment scam are now using the RTN of Social Security Credit Union**

(262085863) in Alabama. There has been massive fraudulent item activity for RDFI ABA 262085863. Please monitor origination activity to this ABA to identify high volumes of small dollar transactions or unusual spikes in volumes, or block this ABA on all new originations until you have fully investigated the legitimacy of the transactions.

It is important for consumers to know that when making online or e-check bill payments, they should not use Federal Reserve routing numbers. Federal Reserve routing numbers are used for sorting and processing payments between banks. Any video, text, email, phone call, flyer, or website that describes how to pay bills using a Federal Reserve Bank routing number or using an account at the Federal Reserve Bank is a scam.

The bill payments being attempted using the Fed's routing numbers are being rejected and returned unpaid. These transactions are being returned through the normal ACH return process, using "R03 – No Account/Unable to Locate Account" or automated returns "R34 - Limited Participation DFI" return reason codes. Consumers who have attempted to use the Fed's routing numbers to pay their bills may be subject to penalty fees from the company they were attempting to pay.

The FTC warns that merchants who accept fraudulent checks run the risk of not getting paid. Some of the warning signs that a check could be counterfeit include the routing number being 061000146; no perforated edge on one side of the paper; the absence of security features, like a watermark; fewer than nine digits in the routing number; the bank address listed on the check doesn't match its real address; and a flimsy feeling to the paper.

The FTC warns businesses that if you receive an ACH payments, check, cashier' check, or certified check from a customer with a routing number of 061000146, do not accept it. Instead, notify the authorities immediately: the National Association of Attorney Generals, your local office of the FBI, and your financial institution.

The Federal Reserve Bank encourages financial institutions to closely monitor this activity to identify these items as early as possible and take appropriate actions. FedACH customer inquiries should be directed to FedACH and Check Customer Support at (877) 372-2457. Financial institutions should report instances of fraud related to the schemes via email to: RTN.fraud@ny.frb.org. Organizations incurring a financial loss as a result of this fraud scheme should also contact Special Agent Brad Carpenter with the FBI Cyber Division at bmcarpenter@fbi.gov.

For more information:

<https://www.frbatlanta.org/news/pressreleases/atlantafed/2017/0712-consumer-scam-alert-fr-routing-numbers>

General Disclaimer: Information contained in the Uniform Payments Alert form is based on information provided by the FI who alerted their Regional Payments Association of an issue as stated. There is no warranty, expressed or implied, in connection with making this information available. The Regional Payments Associations are in no way responsible for any error or omission in this form.