

ALERT 95-6

Type: Suspicious Transactions

Subject: Blocked Funds Deposits

TO: Chief Executive Officers of all National Banks; all State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; Deputy Comptrollers (Districts); District Administrators; District Counsel and Examining Personnel

Numerous inquiries have been received concerning "blocked funds deposits" relative to proposed brokered loans. Further, it has been revealed that several banks have confirmed such blocked funds deposits even though no such deposits exist. Such confirmations expose banks to possible civil litigation initiated by innocent third-party victims. The promoters of such programs cite funds in the hundreds of millions of dollars. Blocked funds deposits as promoted are not known to exist in the legitimate banking community. It is recommended that banks use extreme caution when approached to become involved.

Any information which you may have concerning this matter should be brought to the attention of:

Office of the Comptroller of the Currency
Enforcement & Compliance Division
Washington, D.C. 20219
Fax (202) 874-5301

Daniel P. Stipano
Director
Enforcement & Compliance Division
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