

Banks Use New Device To Detect Check Fraud

By CAREY WINFREY

Because the check—for \$2,700—was drawn on another branch, the man trying to cash it was directed to a bank officer for her approval. She asked for identification, which he had in abundance. Because she did not know him, she also asked him to put an inkless fingerprint on the back of his check. The man balked, then hurriedly headed for the door.

Her suspicions aroused, the officer called the man's bank branch. She discovered that his account had received a \$30,000 deposit only the day before and that \$15,000 worth of checks had been written against it within the last 24 hours. She ordered the account frozen. The \$30,000 deposit turned out to be fraudulent, and the bank was able to cut its losses in half.

In a society in which changing one's identity can sometimes be as easy as changing one's brand of toothpaste, it gets harder every day for businesses to guard against fraudulent checks and fraudulent check-cashing, which last year cost United States banks, supermarkets and retail stores an estimated \$4 billion.

No Messy Ink Blot

With losses rising each year, banks have been hard-pressed to come up with some way to improve internal security. In one three-month period last year, 10 Chase Manhattan branches reported losses of \$12,000 because of fraud.

But on checks endorsed with an object that looks like a stainless steel doorknob, losses were cut to zero. Called Touch Signature, the \$33 device paints two small ovals of chemicals on any absorbent material, such as a check. The customer touches one, then the other oval, and leaves a clear fingerprint on the check, and, to his surprise, no messy ink blot on his finger.

That's about all there is to it. If the check clears, it goes back to the customer in the normal fashion. If not, it can end up with the police. But the system's deterrent value is mostly psychological.

Though Touch Signature prints have been used effectively in courts of law, the system works on the apparently sound premise that the dishonest check casher will avoid unnecessary risk and will take his business—and his bad checks—elsewhere.

Like a Second Signature

"Professionals will always find a way to beat the system," says Louis P. Buglioli, a Chase Manhattan vice president, "but the harder we make it for them...the sooner they'll head somewhere else."

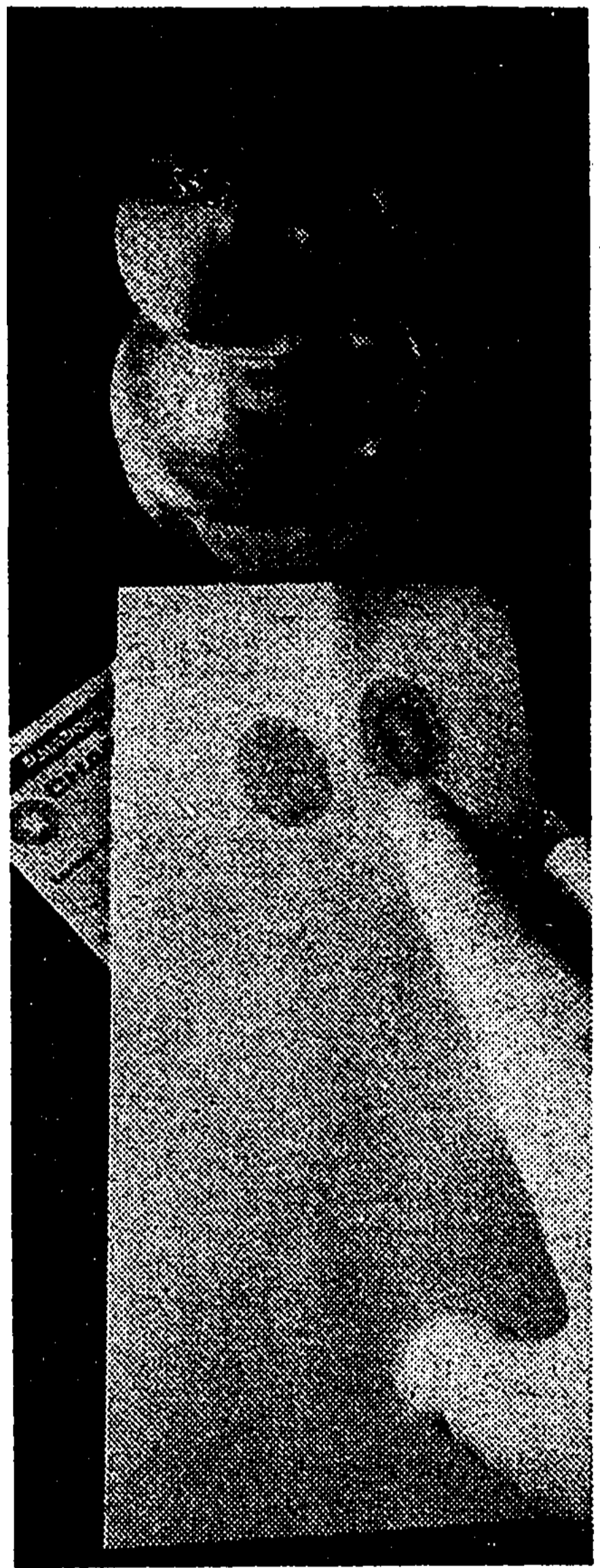
While most banks use the sanitized fingerprinter only with unfamiliar customers, they do so in a wide range of banking functions as a kind of second signature on new-account and loan applications, saving withdrawals, safe-deposit-box entry or any time the identity of an individual is in question.

The original concept came from a Los Angeles forgery detective, who sold it five years ago to a California millinery concessionaire named Harry Camp. With the help of venture capital, Mr. Camp formed the company, Identicator, then wasted time trying to sell the idea as an aid to apprehending criminals (fingerprint checking is too primitive and time-consuming in its manual form to be worth the effort required to catch petty forgers). Only in the last year, with the introduction of the Touch Signature model, has the company begun to approach success.

Today there are 30,000 units in 125 banking corporations (and some super-

markets) in New York and California. In the metropolitan area, Chase Manhattan has units in all its 276 branches, Bankers Trust has them in 41 branches and the National Bank of North America uses them in 141 branches. Citibank, which uses Touch Signatures in about one-third of its 270 branches, is expanding their use throughout the system.

"I can't give you a statistic," says Gordon A. Oliosi, a Citybank vice president who has been monitoring the device's use in 16 branches in northern Brooklyn, "but I know for a fact there are losses we have not sustained because of it." He also knows for a fact that customer reaction has been sur-



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Touch Signature device places two small ovals of chemicals on any absorbent material, such as a check, customer touches one oval, then the other, leaving clear fingerprint with no ink mess.

prisingly favorable: A questionnaire the bank had sent to customers found 95 percent in support of the system.

Allan J. Wheeler, Identicator's Eastern sales chief, looks forward to the day when his product, which requires a \$9.20 refill cartridge after every 1,000 applications, will replace all demeaning and time-consuming requests for identification. He says he also looks forward to wider use of a new computerized system that is reducing the job of fingerprint identification from days or weeks to minutes. "Then," he says, "we'll have not only a deterrent but an apprehension device."