

Preface

PAUL S. TURNER

I first became familiar with the risks of payment systems as a lawyer at Occidental Petroleum Corporation, advising the Occidental treasury department. I then became an advisor to the uniform law commissioners who wrote Article 4A (Funds Transfers) of the Uniform Commercial Code (U.C.C.) and revised U.C.C. Articles 3 (Negotiable Instruments), 4 (Bank Deposits and Collections), and 5 (Letters of Credit). More recently, I have served as a member of the Payments Advisory Group of the Association for Financial Professionals and as a Vice Chair of the American Bar Association's Payments Committee, a subcommittee of the Association's Business Law Section.

In all of these capacities, I have had the good fortune to form lasting and rewarding professional relationships with corporate treasury and bank executives, counsel to banks, and counsel to corporate customers. It has been interesting to observe that although knowledge and experience are fairly equally represented on both sides of the table in complex negotiations, the risks arising from mundane issues such as fraud, are, from a legal point of view, better understood by bankers and their counsel than by corporate treasury executives and their counsel.

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It is my hope that this book, which is written for all interested parties, including bankers, corporate executives, and their respective counsel, will make the risks associated with the payment systems better understood by all.

DIANE B. WUNNICKE

As a veteran corporate finance manager, I came to know the risks of corporate payment systems. These systems and their risks were first introduced to me in the 1970s when I worked on the first on-line systems for a large savings and loan and its multiuser data processing service company. I came to understand the structure, requirements, and risks of banking payment systems as we installed our on-line customer systems, including single and multi-institution ATM machines and ACH payment processing. During the 1980s through the mid-1990s, I was finance and cash manager for a global energy company. We sought out every new cash management product that would help our domestic and international multicurrency payment operations. I arranged for our office to beta test new payment systems products and reporting. We all welcomed the Treasury Management Association and its successes for both corporate treasury departments and banks.

I hope that this book's practical explanations of the issues and management of corporate payment systems risks will be a helpful guide. Much longer books on specific topics and laws are available, and a lot of information is now timely updated and available on the Internet. (See References section.) I hope that the format of this book and its content provide the convenient, basic desk reference so often needed.

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We both thank James Caldarella, former head of systems development for payment systems with a major global bank, for his insights into the risks of corporate payment systems and his perspectives as a highly experienced senior banker.