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Bank error resulted in some City customers having payments withdrawn twice from accounts

City officials who discovered error by Bank of the West working to identify and notify affected parties, ensure reimbursement

Hayward, Calif., October 12, 2017—A single batch of 408 payments to the City of Hayward was erroneously reprocessed a second time by its banking services provider and presented to customer banks for duplicate withdrawal, city officials announced today.

The erroneous reprocessing of 408 payments totaling \$315,775.50 by banking services provider Bank of the West took place Friday, Oct. 6. It was discovered the following Tuesday, Oct. 10, when a city revenue officer was conducting a standard daily reconciliation of bank deposits.

Upon discovering the error, city officials immediately notified Bank of the West and have been working to get an explanation, identify affected customers, determine how many duplicative withdrawals may have been processed by customer banks, and ensure full reimbursement. The city Revenue Division will be reaching out directly to affected customers to inform them of the error by telephone.

“We are deeply disturbed by what has taken place,” City Manager Kelly McAdoo said. “We apologize and promise a full explanation, accounting and repayment of any duplicate withdrawals and overdraft fees that may have been incurred as a result.”

Bank of the West originally processed the batch of 408 checks in a lockbox Electronic Funds Transfer (EFT) file on Aug. 28, 2017. On Oct. 6, it erroneously reprocessed the same lockbox EFT file, resulting in duplicate debits being posted to City of Hayward customer bank accounts. In some instances, duplicate debits were rejected by customer banks, city officials were told by customers who contact the city to report and inquire about the activity. In others, duplicate

debits were withdrawn—and city officials are attempting to work with Bank of the West to determine who those customers are and ensure funds and fees are reimbursed quickly.

“Bank of the West has consistently told us that it was impossible for a file to double post as occurred in this instance and that their system would reject it automatically,” city Finance Director Dustin Claussen said. “Apparently that wasn’t the case.”

As of Thursday, Bank of the West had yet to provide an explanation, Claussen said. He said the city will insist on full and complete disclosure of what transpired, and will then determine what, if any, additional steps should be taken.

“The integrity of and public trust in our finance and banking operations are critical,” Claussen said. “We will do what is necessary to protect and maintain it.”

Businesses, residents and anyone who has made payment by check to the city and who suspects they may have been affected or have questions are encouraged to contact the city Revenue Division at (510) 583-4640, by email at Joel.Resplandor@hayward-ca.gov or by letter or in person at the Hayward Division of Revenue, 1st Floor, City Hall, 777 B Street, Hayward, CA, 94541.

We will be providing updates on our investigation of the matter on the City of Hayward website at www.hayward-ca.gov/discover/news.