

CHECK KITING FRAUD RIDER

To be attached to and form part of Financial Institution Bond, Standard Form No. 24, No. [policynbr].

It is agreed that:

1. For the purpose of this **CHECK KITING FRAUD RIDER** only, **CONDITIONS AND LIMITATIONS, Section 2 - EXCLUSIONS** of the bond is modified to delete and replace Exclusion (o) as follows:

- (o) loss resulting directly or indirectly from payments made or withdrawals from a depositor's account involving items of deposit which are not finally paid for any reason, including but not limited to Forgery or any other fraud, except when covered under Insuring Agreement (A) or when resulting from Check Kiting.

All other provisions of **CONDITIONS AND LIMITATIONS, Section 2 – EXCLUSIONS** shall remain unchanged.

2. For the purpose of this **CHECK KITING FRAUD RIDER** only, the definitions contained in **CONDITIONS AND LIMITATIONS, Section 1 - DEFINITIONS** of the bond shall apply and the following definition is added:

DEFINITIONS

Check Kiting means:

- (a) Establishment of two or more accounts in different institutions by a depositor of the Insured, or a representative, or co-conspirator of the Insured's depositor;
 - (b) the constant, systematic, back and forth deposit of funds between two or more accounts to create the appearance of valid funds;
 - (c) involving checks deposited with the Insured drawn against uncollected checks deposited in another institution to create the appearance of valid funds at that institution;
 - (d) provided such deposits are made as part of a clear and obvious plan to defraud the Insured; and
 - (e) the Insured is in fact defrauded by such deposits.
3. The Single Loss Limit of Liability and the Single Loss Deductible for the **CHECK KITING FRAUD RIDER** are the amounts shown on the Declarations Page or amendment thereto. The Single Loss Limit of Liability under this **CHECK KITING FRAUD RIDER** shall be a part of, and not in addition to, the amount stated in Item 4 of the Declarations.
 4. This rider shall become effective as of 12:01 a.m. on [endorsementeffdt].

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the bond, other than as above stated.