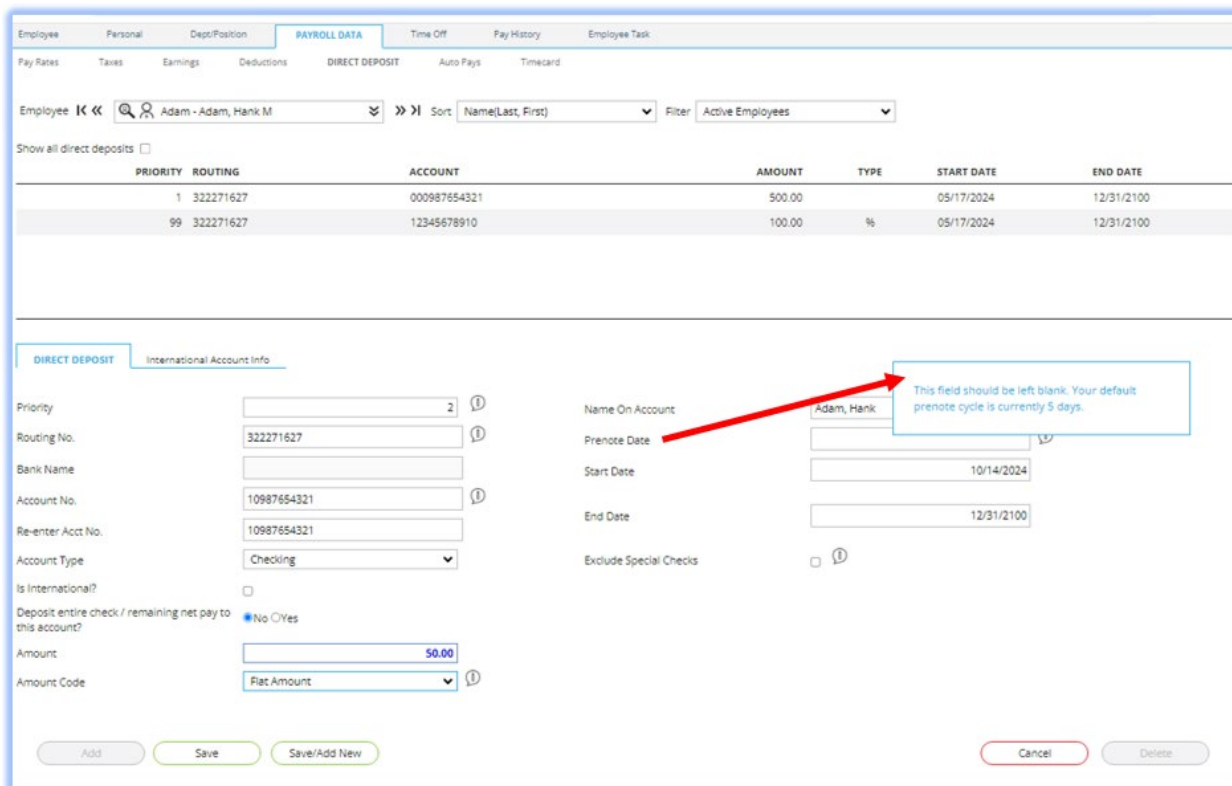


## What is a Pre-Note?

A pre-note is a standard verification for accounts being set up to receive funds via ACH (or direct deposit). When a new account is added to the system for direct deposit, an “empty” transaction is sent to the account in order to verify that it is a valid account.

***This means the first check that is processed after the account is added will NOT be sent via direct deposit.***

When adding a new account, you can click the link next to the pre-note field to bring up information about your pre-note cycle (the default being 5 days). This is the window within which the direct deposit account’s pre-note is active, and the account is not yet live, meaning that if another check is issued within the pre-note cycle (5 days, in this instance), that check will also be pre-noted and NOT sent via direct deposit.



PRIORITY	ROUTING	ACCOUNT	AMOUNT	TYPE	START DATE	END DATE
1	322271627	000987654321	500.00		05/17/2024	12/31/2100
99	322271627	12345678910	100.00	%	05/17/2024	12/31/2100

Priority	<input type="text" value="2"/>	Name On Account	<input type="text" value="Adam, Hank"/>
Routing No.	<input type="text" value="322271627"/>	Pre-note Date	<input type="text"/>
Bank Name	<input type="text"/>	Start Date	<input type="text" value="10/14/2024"/>
Account No.	<input type="text" value="10987654321"/>	End Date	<input type="text" value="12/31/2100"/>
Re-enter Acct No.	<input type="text" value="10987654321"/>	Exclude Special Checks	<input type="checkbox"/>
Account Type	<input type="text" value="Checking"/>		
Is International?	<input type="checkbox"/>		
Deposit entire check / remaining net pay to this account?	<input checked="" type="radio"/> No <input type="radio"/> Yes		
Amount	<input type="text" value="50.00"/>		
Amount Code	<input type="text" value="Flat Amount"/>		

Once the pre-note is initiated, the date field will be populated, and once the pre-note cycle expires (counted from the date in the ‘Prenote Date’ field), the direct deposit account is live and will start receiving net checks (or portions thereof, depending on setup).

## Why are pre-notes important?

*Allowing accounts to pre-note (instead of immediately going live for deposit) is one of the safest and easiest ways to protect against fraud.*

### **Payroll Diversion Scams are Common and Convincing!**

Direct Deposit Fraud is not only becoming far more prevalent, it is becoming very sophisticated as well. Thousands of people a day are successfully tricked into changing an employee's bank account without the employee's consent or knowledge. And, although there are a number of best practices that can help prevent the fraud from getting to the point of being processed as part of a live payroll, pre-notes are an important backstop that often prevent the worst-case scenarios from doing any actual damage.

### **Pre-Notes Alert Employees to Changes BEFORE Any Loss is Incurred**

If a fraudulent direct deposit change has successfully made it through to live payroll processing, then the employee and/or employer will be alerted to the change when a live check is produced, instead of the usual direct deposit, giving the employer the chance to correct the mistake before there is any monetary loss.

### **Pre-Notes Help Mitigate Data Entry Errors**

If a direct deposit account setup is legitimate, but the person entering the account makes an error in entry, the pre-note period also allows the employee time to review the data entry once it is made, but before any checks are sent through, once again allowing for corrections to be made before any financial damage occurs.

### **What are the Consequences?**

Most monies that are diverted to a fraudulent account are never recovered. If your actions, as an employer, led to this diversion, then you are still liable to pay the employee in most cases, meaning you will be out the money that was diverted due to fraud.

*Pre-Notes are there to protect employees, but they are also there to help protect EMPLOYERS!*