

DEPOSIT AND CASH MANAGEMENT NEWSLETTER

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ECONOMIC OVERVIEW 2007

Which way is the economy headed?

That seems to be the question these days. After seventeen consecutive interest rate increases, the Federal Reserve has maintained the federal funds rate at 5.25% for the past seven months.

Last summer's high energy prices and a continued slowdown in the housing market caused many investors to believe that the economy would begin to slow. However, with oil prices in the \$52-per-barrel range (down from summer's high of \$70-per-barrel range) improving labor markets, and the

latest statistics pointing to an increase in consumer spending, the economy is now showing signs of increased strength and momentum.

Based on the minutes of the final Federal Open Market Committee meeting, inflation will continue to be the primary focus of the Federal Reserve. Some FOMC members believe that the current level of interest rates helps lessen the fear of rising inflation.

While still inverted (short term rates higher than long term rates), the yield curve saw an upward shift

in the 4th quarter of 2006. Since short-term instruments have maintained their spread against their longer-term companions, **Boston Private Bank & Trust** continues to recommend keeping cash reserves on the shorter end of the curve.

This will provide investors the flexibility to gain a higher yield while maintaining liquidity. By not tying up excess cash in longer-term instruments, investors will be better prepared when the Federal Reserve decides to make its next move.

SPECIAL POINTS OF INTEREST:

Tax returns are due annually on April 15th, which happens to fall on a Sunday this year. Moreover, April 16th is Emancipation Day, a legal holiday in the District of Columbia.

All of which means taxpayers have until midnight of the 17th to file your return or request for an extension.

BOSTON PRIVATE BANK & TRUST NEWS YOU SHOULD KNOW

Boston Private Bank & Trust Company is:

- Proud to be celebrating its 20th Anniversary in 2007 and is Boston's only locally based Private Bank
- Unveiling a new product, Remote Deposit,

that will allow pre-qualified business owners to process deposits from their place of business without visiting an office

- Introducing a new online banking platform for individual and

corporate accounts.

Individual accounts will be the first to make the transition later in the first quarter

- The leading residential lender in the city of Boston for first time homebuyers

INSIDE THIS ISSUE:

PROTECTION FROM
IDENTITY THEFT AND FRAUD 2

BEWARE OF THESE
TACTICS 3

WHAT TO DO IF
YOU ARE A VICTIM 3

BOSTON PRIVATE
BANK CORE SERVICES 4

PROTECTING AGAINST IDENTITY THEFT AND FRAUD

Identity theft is the nation's fastest growing crime according to the latest FBI statistics and is the fastest growing category of Federal Trade Commission complaints. Recent local headlines here in Massachusetts underscore the danger to businesses and individuals alike (see TJX Companies; Attorney General Martha Coakley, etc...).

At **Boston Private Bank & Trust Company** one of our core principles is to conduct business in a private and secure manner, while safeguarding your most important financial information and data. Towards that end, we encourage all of our clients to become familiar with the following preventative measures to reduce individual exposure to identity theft and fraud:

Step #1 - The world has changed; make sure you are changing with it

The digital age has brought many wonderful improvements to our lives, including quicker and easier methods of managing our individual and corporate banking accounts. However, these advances have created a landscape for unscrupulous types to prey on the unsuspecting and create personal and financial havoc.

As a result, our own individual behavior must change to adapt to the new threats. This means greater care in managing and handling important personal and financial information. Simple repetitive actions will help shield you from unwanted attack. Start by taking greater care in protecting your mail; taking credit card, debit card, and ATM card receipts at all times; destroying all bank statements, cancelled checks, checks on closed accounts, bills and other such documents; and never carry Social Security cards, birth certificates, or passports in your wallet or purse unless absolutely necessary.

Step #2 Personal Information - Guard yours like a hawk

At the core of any identity theft or fraud case is the perpetrator's access to some or all of your most personal information. Safeguarding your bank and credit card account numbers, and limiting the use of your social security number are key steps in nipping identity theft and fraud before it happens. Be sure to never disclose closely held personal information over the phone or on the internet, unless you are 100 percent certain you are dealing with a trustworthy source.

In addition, take the following preventative measures to guard against fraud:

1. Consider opting out of "pre-approved" credit cards. The three major credit bureaus have established an opt out service that can be reached at the following telephone number: 888-5-OPTOUT (678688).
2. Ask Medical Insurers and any others that may currently use your Social Security number for identification for alternate ID numbers. Be sure to rip up or shred any medical or insurance bills that may include closely held personal information.
3. Do not accept and negotiate a check unless you know for sure that the money is legitimately due to you. Beware of checks sent to you from unknown sources especially if they are identified as "lottery winnings". By endorsing and depositing (or cashing) a check at your bank, you are providing the maker of the check with the name of your bank, your account number and your signature – everything they need to forge checks drawn against your account.
4. Eliminate or reduce the risk of paper checks. Use electronic payment methods whenever possible.

Step #3 The best defense is a good offense!

Despite the rapid spread of identity theft and fraud, consumers do have the ability to fight back. The best protection begins with keeping a close watch on your credit report. Boston Private Bank suggests that clients request a free annual copy of their credit report from one of the three major bureaus (Equifax, Experian, and Transunion) every four months. Visit www.annualcreditreport.com to learn more.

In doing so, you will be able to monitor your own credit history and "red flag" any activity that does not look right, and thus decreasing the likelihood that someone will be able to continue obtaining credit in your name.

BEWARE OF THESE TACTICS...

Pretexting: *The easiest way for an identity-thief to steal your identity is to ask you for it, often over the phone. Posing as your bank, insurance company, doctor's office or other business you use, the thief calls you on the phone, tells you a believable story (the "pretext" for the call), and asks you for key personal information.*

Phishing: *This is hacker-speak for "link alteration", a "verification scam" where criminals (the "phishers") imitate legitimate companies in e-mails to entice people to share passwords or credit-card numbers. Never click on a link in email, you can never be sure where it takes you.*

Spoofing: *This is generally used as a means to convince individuals to provide personal or financial information that enables the perpetrators to commit credit card/bank fraud or other forms of identity theft. In "E-mail spoofing" the header of an e-mail appears to have originated from someone or somewhere other than the actual source. The "From" field (the "sender's" address) of an email can easily be altered (spoofed) —it is not a reliable indicator of the real origin of any email.*

Shoulder Surfing: *A "shoulder-surfing" identity thief, standing next to you in a checkout line or ATM, can memorize your name, address and phone number during the short time it takes you to write a check.*

Skimming: *"Skimmers" steal your credit/debit card account numbers as your card is processed at a restaurant, gas station, store or other business location, using a special data collection/storage device.*

WHAT TO DO IF YOU ARE A VICTIM OF IDENTITY THEFT OR FRAUD

If you suspect you may have been a victim of identity theft or fraud, follow the checklist below to take the first steps toward recovery:

1. **Notify Law Enforcement.** Begin by calling your Local Postal Inspection Service Office (www.usps.com/postalinspectors) and then file a report with your local police department (be sure to keep a copy of the numbered police report).
2. **Alert your bank.** Boston Private Bank & Trust Company has a highly trained fraud prevention department that will guide you in the necessary steps in securing your bank accounts.
3. **Close your accounts, replace your ATM/Debit cards, and change your logon and password for online banking.**
4. **Contact Credit Card issuers immediately.** Ensure that you close all accounts; especially those that might have been opened without your authorization and that have unauthorized transactions.
5. **Contact the Department of Motor Vehicles to determine if a replacement license has been issued in your name.** If so, request a new license number and fill out the DMV's complaint form to begin a fraud investigation.
6. **Call all three credit bureaus' Fraud Units and report Identity Theft** (Transunion 800-680-7289), (Equifax 800-525-6285), (Experian 800-397-3742). Request to have a Fraud Alert/Victim Statement placed in your credit file asking that all creditors call you before opening any new accounts.
7. **Call the Federal Trade Commission to report the theft.** 1-800-438-4338 or online at www.consumer.gov/idtheft.
8. **Call the Social Security Administration's Fraud Hotline 1-800-269-0271.**



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Hingham, MA

Lexington

1666 Massachusetts Avenue
Lexington, MA

Newton Centre

1223 Centre Street
Newton Centre, MA

Wellesley

336 Washington Street
Wellesley, MA

BOSTON PRIVATE BANK & TRUST COMPANY

At Boston Private Bank & Trust Company we offer a broad range of Banking, Lending, Investment, and Fiduciary services to successful people, their businesses, and their families.

Our commitment is to deliver exceptional service and cultivate enduring relationships with our clients, our employees, and our community.

The word "private" stems from the caliber of special treatment that we offer our clients. It also reflects our ability to provide customized services in a confidential, comfortable, and distinctive atmosphere where clients can discuss their financial affairs privately with seasoned professionals.

BOSTON PRIVATE BANK & TRUST CORE SERVICES

Boston Private Bank & Trust is pleased to offer its clients a wide array of banking and wealth management solutions.

Our **Residential Lending Group** provides an uncommon level of close personal attention provided by our seasoned lenders, which makes applying for a mortgage with us a uniquely pleasant experience.

Our expertise in customizing loans to satisfy specific situations is highly regarded in the industry. We design both fixed and variable rate mortgages to suit individual and family financial needs.

In **Commercial Banking** we specialize in cultivating

long term personal relationships with business owners - relationships that can help a business grow.

We customize our loans to meet individual and corporate borrowing requirements. The terms and conditions of our loans are as varied as our clients' needs.

At Boston Private Bank & Trust Company you work directly with decision makers. This ensures a quick response to your loan request, competitive pricing and, of course, total confidentiality.

Finally in **Investment Management and Trust**, we realize that the money we manage is your money, your retirement, your children's

education, your business, your dream. We strive for superior investment returns, and provide exceptional service with a highly personalized and confidential approach. Consequently, we believe that our own success lies in your complete satisfaction.

Our personal approach provides you with direct access to the professional team in charge of your account. We average more than twenty years of investment industry experience, and we will work with you in order to craft portfolios that are designed to meet your investment goals.