

January 2018 Security Newsletter

Fake Checks

Fake checks are one of the biggest sources of consumer fraud today. Even though legitimate check usage is on the decline, forged checks are not. In fact, according to the American Bankers Association, fake checks are one of the biggest causes of consumer fraud today.

Could *you* spot a fake check scam?

Every year thousands of people - maybe tens of thousands - pay the price of believing a phony check they received is genuine.

The fact is that modern computer and printing technology make it reasonably easy to produce authentic-looking checks that not even an expert could identify without making further inquiries. The American Bankers Association says, "Scam artists are using sophisticated technology to create counterfeit checks that mirror the appearance of legitimate checks." Some are counterfeit money orders, some are phony cashier's checks and others look like they are from legitimate business accounts. The companies whose names appear may be real, but someone has dummied up the checks without their knowledge."

A few scams using forged/counterfeit checks are:

1. Overpayment Scams

This is probably the most widespread check scam, sometimes also referred to as an advance payment scam. Crooks mail fake checks to victims, asking them to wire part of the money to a third party. The hope is the victim will bank the check and wire the money before the fake is discovered.

The crooks use all kinds of reasons for the victim to do this. Two examples are:

- * A secret shopper program where the victim is supposed to test a store's money-wiring services.
- * Work-from-home schemes, where part of the money is supposed to be for supplies or training materials.

Scammers also target small firms, placing orders and then requesting them to forward part of the money to a "shipper."

In virtually all cases, these scams involve wiring money. Money Gram, a major provider of money wiring service says: "Do not send money to someone you don't know."

2. Payment for Purchase

In the old days, when someone bought something from you and paid by check, you could usually trust them to be the genuine article, but no longer.

You advertise something for sale, say on Craigslist or a community noticeboard, and someone wants to buy it with a personal check or cashier's order.

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You simply can't tell from looking at that piece of paper whether it's real or not. If it's not drawn on a local bank, you should be suspicious.

Telephone the bank to check if it's legit. Better yet, state in your ad that you'll accept only cash.

3. Bank Account Access

Students and other people who are financially hard-pressed have been known to sell their bank account details to scammers or otherwise to permit their account to be used to "process payments." The scammers use the account to deposit fake checks, sometimes using smartphone apps, and then immediately withdraw the cash. Sometimes, the victims are even persuaded to hand over their ATM card and claim it was lost or stolen.

This may sound crazy but people have been caught doing this. They not only end up owing all of the missing money to the bank but run the risk of being labelled an accomplice and appearing in court.

These days, the legitimate use of checks is declining but, sadly, fake checks are on the rise, so watch out.