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Fraud Alert!



## Fake Check Scams

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- How to identify a scam
- How to report a scam
- How to protect yourself

### Give the bounce to fake check scams

It's your lucky day! You just won a foreign lottery! There's just one catch: **this is a scam.** The lottery angle is a trick to get you to wire money to someone you don't know. If you were to deposit their check and wire the money, you would soon learn that the check was a fake. The money you wired can't be retrieved, and you're responsible for the checks you deposit—even though you don't know they are fake.

This is just one example of a counterfeit check scam that could leave you owing money. The Federal Trade Commission wants you to know that counterfeit check scams are on the rise. The scammers use high quality printers and scanners to make the checks look real. Some of the checks contain authentic-looking watermarks. These counterfeit checks are printed with the names and addresses of legitimate financial institutions. And even though the account and routing numbers listed on a counterfeit check may be real, the check still can be a fake.

These fakes range from cashier's checks and money orders to corporate and personal checks. Could you be a victim? **Not if you recognize and report them.**

### ■ Fake checks: variations on a scheme

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Counterfeit or fake checks are being used in a growing number of fraudulent schemes, including

- foreign lottery scams
- check overpayment scams
- internet auction and secret shopper scams
- scams selling cars or other valuable items through classified ads or online auction sites.

## Here's how it happens:

A scam artist replies to a classified ad or auction posting, offers to pay for the item with a check, and then comes up with a reason for writing the check for more than the purchase price. The scammer asks the seller to wire back the difference after depositing the check. The seller does it, and later, when the scammer's check bounces, the seller is left liable for the entire amount.

## ■ Who is responsible for what?

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Under federal law, financial institutions must make funds available to you from U.S. Treasury checks, official checks (cashier's checks, certified checks, and teller's checks), and checks paid by government agencies at the opening of business the day after you deposit the check. For other checks, financial institutions must similarly make the first \$200 available the day after you deposit the check. Remaining funds must be made available on the second day after the deposit.

However, just because funds are available on a check you've deposited doesn't mean the check is good. It's best not to rely on money from any type of check (cashier, business or personal check, or money order) unless you know and trust the person you are dealing with or, better yet—until the financial institution confirms that the check has cleared. Forgeries can take weeks to be discovered and untangled.

**The bottom line is** that until the financial institution confirms that the funds from the check have been deposited into your account, you are responsible for any funds you withdraw against that check.

## ■ Protecting yourself

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- Throw away any offer that asks you to pay for a prize or a gift.
- Resist the urge to enter foreign lotteries. It's illegal to play a foreign lottery through the mail or the telephone.
- If you are selling something, **don't accept a check for more than the selling price**, no matter how tempting the offer.
- As a seller, you can suggest an alternative way for the buyer to pay, like an escrow service or online payment service. To learn more, visit [ftc.gov/onlineshopping](http://ftc.gov/onlineshopping).
- If you accept payment by check, ask for a check drawn on a local financial institution.
- If the buyer insists that you wire back funds, end the transaction immediately.

## ■ If you think you are a victim

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If you think you've been targeted by a counterfeit check scam, report it to the following agencies:

- The Federal Trade Commission (**[www.ftc.gov](http://www.ftc.gov)** or 1-877-FTC-HELP (1-877-382-4357)).
- The U.S. Postal Inspection Service **[www.usps.gov](http://www.usps.gov)** or call your local post office.
- Your state or local consumer protection agencies; visit **[www.naag.org](http://www.naag.org)** for a list of state Attorneys General.