

FRAUD ALERT— FAKE CHECK SCAMS

Beware of these email and fax scams that can leave you holding the bag!

- ✓ What You Should Know
- ✓ What You Should Do



If someone you don't know wants to pay you by check...but wants you to wire some of the money back, beware! It is most likely a scam that could cost you thousands of dollars.

There are many variations of this **fake check scam**. It usually starts with someone offering to:

- Give you the first installment on the millions you'll receive for agreeing to transfer money from a foreign country to your account for safekeeping;
- Buy something you advertised;
- Give you an "advance" on a sweepstakes you've won.

The scammers often claim to be outside the US, saying they cannot pay you directly, and that they will have someone who owes them money send you a check or money order.

The amount of the check or money order may be more than you are owed, so you are instructed to deposit it and wire the balance to the scammer or to someone else. Or you are told to wire some of the money back to pay a fee to claim your "winnings." In either event, the crooks send a phony check or money order with instructions to deposit it in your account. When you check your balance it looks like the funds have arrived. **After you have wired the money back to the scammer, you learn that the check or money order has bounced—you are left holding the bag!**

Bounced Checks Can Cost You

These fake checks look so real that even credit union tellers may be fooled. Under federal law, financial institutions must make the funds you deposit available quickly – usually within one to five days. Just because you can withdraw the money doesn't mean the check is good. Forgeries can take weeks to be discovered.

CAUTION: It is important to keep in mind that under the law, you are responsible for the checks and money orders you deposit because you are in the best position to determine how risky the transaction is. When a check or money order bounces, you owe your financial institution the money you withdrew.

How Scammers Find Their Victims

Fake check scammers use a variety of sources to identify their victims. They

- scan newspaper and online advertisements for people listing items for sale
- check postings on online job sites from people seeking employment
- place their own ads with phone numbers or email address for people to contact them
- call or send emails or faxes to people randomly, knowing that someone will take the bait.

What You Should Do

There is **NO** legitimate reason for someone who is giving you money to ask you to wire money back—that is a clear sign of a scam. If someone you do not know wants to pay you for something, insist on a cashier's check for the **exact amount**, preferably from a local financial institution or one with a branch in your area.

In the U.S. alone,
\$42 million bad checks
are passed every month
costing more than
\$19 billion a year.*

If you think someone is trying to pull a fake check scam, don't deposit it—report it! Contact the National Consumers League's National Fraud Information Center, www.fraud.org or (800) 876-7060. There are also more detailed tips about fake check scams in the telemarketing and Internet fraud sections of the Web site.