

**FRAUD ALERT!**

# **FAKE CHECK SCAMS**

- ✓ How to Identify a Scam
- ✓ How to Report a Scam
- ✓ How to Protect Yourself

# Fake Check Scams Can Leave You Owing Money!

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

How do fake check scams work? There are many variations of the scam. It usually starts with someone offering to:

- ◆ **Buy something you advertised for sale;**
- ◆ **Pay you to work at home;**
- ◆ **Give you an “advance” on a sweepstakes you’ve won; or**
- ◆ **Give you the first installment on the millions you’ll receive for agreeing to transfer money in a foreign country to your bank account for safekeeping.**

The scammers often claim to be in other countries and say it's too difficult to pay you directly, so they'll have someone in the U.S. 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 rest 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 some cases, the scammer promises to transfer money directly to your bank account. You provide your account information for an electronic fund transfer. Instead, the crook sends your bank 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. Whatever the set-up, the result is the same—after you've wired the money, you find out that the check or money order has bounced.

## **Can my bank tell if the check or money order is good or not when I deposit it?**

These fakes look so real that even bank tellers may be fooled. Some are counterfeit money orders, some are phony cashiers 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.

Under federal law, banks must make the funds you deposit available quickly—usually within one to five days. But just because you can withdraw the money doesn't mean the check is good, even if it looks like a cashier's check or money order from the post office. Forgeries can take weeks to be discovered.

## **If the check or money order turns out to be fake, isn't that the bank's problem?**

You are responsible for the checks and money orders you deposit. That's because you are in the best position to determine how risky the transaction is—you are the one dealing directly with the person who is arranging for the payment to be sent to you. When a check or money order bounces, you owe your bank the money you withdrew. The bank may be able to take it from your accounts or sue you to recover it. In some cases, law enforcement authorities could bring charges against the victims because it may look like they were involved in the scam and knew the check or money order was counterfeit.

## **How do these scammers find their victims?**

Fake check scammers scan newspaper and online advertisements for people listing items for sale, and check postings on online job sites from people seeking employment.

They place their own ads with phone numbers or email addresses for people to contact them. And they call or send emails, letters, or faxes to people randomly, knowing that some will take the bait.

## **How can I protect myself from fake check scams?**

There is **no** legitimate reason for someone who is giving you money to ask you to wire money back—that's a clear sign that it's a scam. If a stranger wants to pay you for something, insist on a cashier's check for the **exact amount**, preferably from a local bank or one with a branch in your area.

If you think someone is trying to pull a fake check scam, don't deposit it—report it! Contact the National Consumers League's Fraud Center, **[www.fraud.org](http://www.fraud.org)**. For more information about fake check scams and how you can avoid them, go to **[www.fakechecks.org](http://www.fakechecks.org)**.



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