



Fake Check Scams

From the Office of Minnesota Attorney General Lori Swanson

Cashier's Checks and Money Orders are Not Always Secure!

It has long been ingrained in us that cashier's checks and money orders are more secure than other forms of payment and that their funds are somehow guaranteed. **This is not the case if the document is fake!** A check is not worth the paper it's printed on until the bank it was issued from releases the money. Federal rules require banks to make deposits "available" to consumers quickly, often the following business day. A check takes considerably longer to clear the bank it was issued from, however, before the funds can be "collected" by your financial institution. **It may take a bank weeks to discover that the deposited check was fraudulent!** The bottom line is that while the funds may be available in your account within days of your deposit, the check may take weeks to clear, or bounce. Scam artists prey on those who mistakenly believe that once the funds are available, the check is legitimate. Furthermore, once a victim wires funds onward from such a check, he or she may be liable to the bank for the amount wired. Typically the bank will not cover the loss, and expects the victim to pay the difference.

How the Scam Works

Individuals receive a cashier's check, money order, or other checking instrument from someone that they don't know and are asked to wire part of the cashed amount back to the sender or to a third party. In cases where the checks are cashed, unsuspecting consumers wire the payment to the scam artist before discovering that the check was fraudulent.

Foreign lotteries. In this variation of the scam, consumers receive a call, letter, fax, or email from a person indicating that they have won a large prize from a foreign lottery and that they will be receiving a check in the mail shortly. Within days, they receive an official-looking cashier's check with instructions to deposit the check in a bank and wire a portion of it to a "claims agent" to cover various taxes and fees. Consumers are often told that the check received was only a portion of the winnings and that they must wire back some of the money in order to obtain the entire prize. Foreign lotteries are *always* illegal. No one has ever received their supposed winnings in this scam.

Overpayment scams. In this variation of the scam, often conducted through the Internet, the seller is contacted by a potential "buyer" who pretends to be looking to purchase an item listed for sale through a website or print advertisement, or looking to rent an apartment. The buyer is often located outside of the state or country and typically claims interest in "buying" a large ticket item, such as a car, boat, or snowmobile. After making contact, the buyer sends the seller a cashier's check for an amount greater than the item's list price and instructs the seller to wire the extra money to an "agent" to pay for taxes, fees, and shipping costs. After the seller sends the money, the check is found to be worthless, leaving the seller liable to the bank for the wired funds. Don't let this happen to you!

Scamming businesses. Another variation of the scam targets small businesses. After making contact for the service, the scam artist will send a fake cashier's check or money order for an amount over the agreed-upon price. The scam artist will then claim that the check was actually meant for another business and that he or she should cash the check and wire the difference directly to the other business. These requests will often be accompanied by stories designed to evoke sympathy.

For example, a scam artist may tell a wedding photographer that the cashier's check was supposed to be for the travel agent and that unless they wire the difference, the newlyweds won't be able to go on their honeymoon. Don't fall victim to their con!

How to Avoid Fake Check Scams

- 1. Cashier's checks are NOT the same as cash!** Just because the money appears to be available in your account doesn't mean that the check has cleared and is legitimate. Counterfeit cashier's checks can look very authentic. The bank may still bounce the check if it's a forgery!
- 2. Avoid foreign lotteries.** Foreign lotteries are always illegal! If you didn't enter the lottery, you didn't win. Do not believe claims that you need to pay to "collect your winnings."
- 3. Do not wire money to strangers!** Many people mistakenly think that wire transfers, like personal checks, can be canceled at anytime. This is not true. If you wire money via Western Union or MoneyGram, it's impossible to retrieve the money once it's picked up at the other end. Because it can be picked up anywhere in the world, the money is virtually untraceable. Once money is wired overseas, United States law enforcement agencies may have little recourse in recovering lost funds.
- 4. Beware of overseas buyers.** Never wire money to someone you don't know overseas!
- 5. Always be wary of someone who wants to pay more than your asking price.** A deal that sounds too good to be true probably is.
- 6. Be wary of "third parties" or "agents."** If a third party is actually owed any money, their client should be making the payment, not you. Do not wire money to a third party!
- 7. Attempt to locate the source of the check and verify its legitimacy by contacting the issuing bank.** Do not use the contact information that appears on the check. Do a little leg work and obtain the contact information independently through legitimate directories.

- 8. Know what you are selling and be realistic.** If you are having trouble selling your old 1990 Ford Taurus locally, ask yourself why someone from England would be so intent on buying it from you and shipping it halfway around the world. Similarly, ask yourself why someone in Nigeria would want to buy your old snowmobile.
- 9. Don't be rushed.** If someone really wants to do business with you, they will wait until you are ready to make a legitimate transaction. Furthermore, if an individual wishes to make changes to the terms of the transaction, such as where and how the payment is sent, do not let your eagerness to complete the transaction blind you to potential problems.
- 10. If it sounds too good to be true -- it probably is!**

Additional Resources

For Phone Calls From Canada:

PhoneBusters

Box 686

North Bay, Ontario P1B8J8

888-495-8501

Toll-Free Fax: 888-654-9426

www.phonebusters.com

For information about fake check scams, foreign lotteries, or to file a complaint, contact the Office of Minnesota Attorney General Lori Swanson:

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