

Beware of Cashier's Check Fraud!

In the past, cashier's checks were considered just as good as cash. However, lately many consumers have become victims of scams involving a fraudulent cashier's check. Counterfeiter's have become very good at reproducing bank checks, and it is often very difficult to detect fraudulent cashier's checks.

What is a cashier's check?

A cashier's check is a check issued by a bank and payable to a specific person. Because a cashier's check is issued by a bank, it is considered less risky than other types of checks. However, this is true **only if the check is genuine**.



Who is responsible for losses in your account due to fraudulent checks?

If you unknowingly accept a fraudulent cashier's check in exchange for goods or services, *you* will likely be the one who suffers the financial loss.

At all banks, the account holder is responsible for any checks - including cashier's checks - that are deposited into their account. If a check turns out to be counterfeit, or it is returned unpaid for any reason, the account holder is fully responsible for the loss.

Why did the bank allow you to withdraw the money if a cashier's check you deposited turns out to be fraudulent?

Federal law requires banks to make deposited funds available within a specific period of time (usually 1 business day for a cashier's check or other official instrument). However, just because you can withdraw cash from your account shortly after **depositing a cashier's check doesn't mean the check you deposited is genuine**. It can be weeks before the check is discovered to be counterfeit and returned to the bank unpaid.

Common Cashier's Check Scams

Selling Goods - You offer goods for sale in the marketplace, through a newspaper ad or over the Internet. A buyer sends you a cashier's check for the agreed upon price. The cashier's check turns out to be fraudulent.

Overpayments - This is a variation of the selling goods scam. You're overpaid for an item you advertised in the classifieds or in an online auction. The buyer either claims they sent the wrong amount by "mistake," or they explain that they paid more than the purchase price to satisfy their obligations to you and a third party with a single check. They ask you to deposit the check into your account and wire transfer some or all of the excess to them or a third party, often in a foreign country. The cashier's check turns out to be fraudulent.

Sudden Riches - You receive a cashier's check and a letter that you've won a foreign lottery or sweepstakes or inherited money. The letter will state that you have to pay a fee – a processing fee or a fee to cover taxes – before you receive the money. The cashier's check is enclosed to cover that fee. The letter asks you to deposit the cashier's check into your account and wire the fee to a third party, often in a foreign country. The cashier's check turns out to be fraudulent.

Mystery Shopping - You receive a letter informing you that you have been chosen to act as a "mystery" or "secret" shopper. The letter includes a cashier's check, and you are told to deposit the check into your account. You're instructed to use a portion of the deposited funds to purchase merchandise at designated stores, transfer a portion of the funds to the sender or a third party, using a designated wire service company, and keep the remainder. The cashier's check turns out to be fraudulent.

Regardless of the pitch, the result is the same:

The result of these scams is that **the fraudulent check will be returned to the bank unpaid**. The bank will then deduct the amount of the check from your account or otherwise seek repayment from you, and **you will lose** either the goods you sold, the money you wired, or both.

Tips for Avoiding Cashier's Check Fraud

- Try to know the people with whom you do business. Be cautious about accepting checks – even a cashier's check – from people you do not know, especially since it may be difficult to pursue a remedy if the transaction goes wrong.
- When you use the Internet to sell goods or services, consider other options, such as escrow services or online payment systems, rather than payment by a cashier's check.
- If you do accept a cashier's check for payment, never accept a check for more than your selling price if you are expected to pay the excess to someone else.
- If you want to find out whether a cashier's check is genuine, call or visit the bank on which the check is written.
- Know the difference between funds being available for withdrawal from your account and a check having finally cleared.
- Be wary of taking action before you can be sure that the payment you received is good.
- Be suspicious if someone insists that you send funds by wire transfer or otherwise pressures you to act quickly before you know the payment you received is good.
- Reject any offer that asks you to pay for a "prize" or "gift."
- If you receive a letter offering you a large sum of money for little effort other than sending a "processing" fee, remember: **if something sounds too good to be true, it probably is.**

