

Tips for Recognizing and Avoiding Fake Check Scams

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.

- **There are many variations of the fake check scam.** It could start with someone offering to buy something you advertised, pay you to do work at home, give you an "advance" on a sweepstakes you've supposedly won, or pay the first installment on the millions that you'll receive for agreeing to have money in a foreign country transferred to your bank account for safekeeping. Whatever the pitch, the person may sound quite believable.
- **Fake check scammers hunt for victims.** They 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 or faxes to people randomly, knowing that some will take the bait.
- **They often claim to be in another country.** The scammers say it's too difficult and complicated to send you the money directly from their country, so they'll arrange for someone in the U.S. to send you a check or money order.
- **They tell you to wire some of the money after you've deposited the check.** If you're selling something, they say they'll pay you by having someone in the U.S. who owes *them* money send you a check or money order. It will be for more than the sale price; you deposit the check or money order, keep what you're owed, and wire the rest to them. Or you're instructed to wire money to someone else who will arrange for shipping. If it's part of a work-at-home scheme, they may claim that you'll be processing payments from their "clients." You deposit the checks or money orders and then wire them the money minus your "pay." Or they may send you an overpayment "by mistake" and ask you to wire them the excess. In the sweepstakes and foreign money offer variations of the scam, they tell you to wire them money for taxes, customs, bonding, processing, legal fees, or other expenses that must be paid before you can get the rest of the money.
- **They may falsely promise to transfer money directly to your bank account.** You provide your account information so they can make an electronic fund transfer. Instead, they send your bank a check or money order with instructions to deposit it in your account. When you check your balance, it looks like the money has arrived. You may not notice that it was a check or money order, not an electronic fund transfer.
- **The checks or money orders are fake but they look real.** In fact, they 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're from legitimate business accounts. The companies whose names appear may be real, but someone has dummied up the checks without their knowledge.

- **You don't have to wait long to use the money, but that doesn't mean the check or money order is good.** Under federal law, banks have to make the funds you deposit available quickly – usually within one to five days, depending on the type of check or money order. But just because you can withdraw the funds doesn't mean the check or money order is good, even if it looks like a cashier's check or a money order from the post office. It can take weeks for the forgery to be discovered.
- **You are responsible for the checks and money orders you deposit.** That's because you're in the best position to determine the risk – you're 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, the bank deducts the amount that was originally credited to your account. If there isn't enough to cover it, the bank may be able to take money from other accounts you have at that institution, or sue you to recover the funds. 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.
- **There is *no* legitimate reason for someone who is giving you money to ask you to wire money back.** 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 a bank that has a branch in your area.
- **Don't deposit it – report it!** Report fake check scams to the National Fraud Information Center/ Internet Fraud Watch, a service of the nonprofit National Consumers League, at www.fraud.org or (800) 876-7060. That information will be transmitted to the appropriate law enforcement agencies.