

Don't Fall for 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.

How do fake check scams work?

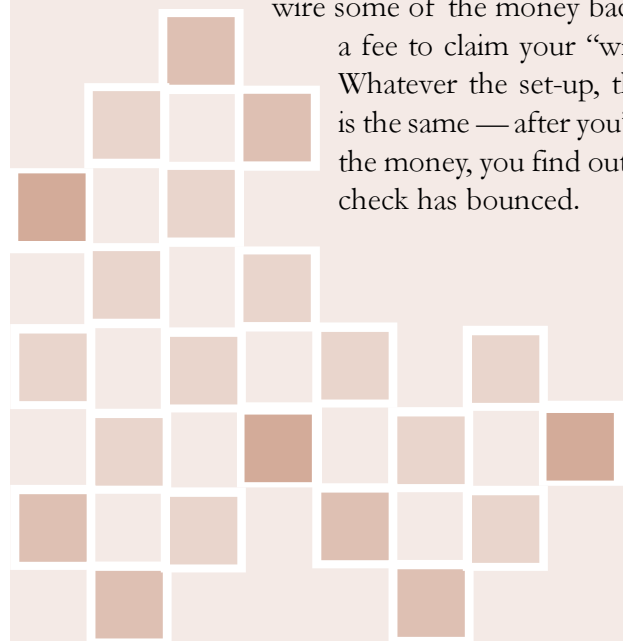
There are many variations of the scam. It usually starts with someone offering to:

- 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.

The amount of the check may be more than you're owed, so you're instructed to deposit it and wire the rest to the scammer. Or you're told to wire some of the money back to pay a fee to claim your "winnings." Whatever the set-up, the result is the same — after you've wired the money, you find out that the check has bounced.

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

These checks look so real that even bank tellers may be fooled. Some are phony cashiers checks, 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.

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's a cashier's check. Forgeries can take weeks to be discovered.

If the check turns out to be fake, isn't that the bank's problem?

You are responsible for the checks you deposit. That's because you're in the best position to determine how risky the transaction is — you're the one dealing directly with the person who is arranging for the check to be sent to you. If it 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 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 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 send you a check, insist on a cashiers 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 National Fraud Information Center, www.fraud.org or toll-free 800-876-7060. There are also more detailed tips about fake check scams in the telemarketing and Internet fraud sections of the Web site.



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