

Don't Become a
TARGET



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What are fake check scams?

They can take many forms:

- You unexpectedly receive notice that you are getting a grant from the government or a foundation and a processing fee is required.
- A company hires you to work at home as a mystery shopper or processing payments and instructs you to deposit money somewhere as part of the job.
- Someone sends you more than the asking price for an item you are selling and instructs you to wire the extra money somewhere else.
- A stranger sends part of the profits you were promised on a foreign business deal and asks you to pay legal fees; you get the rest.
- Someone you meet online asks you to cash a check or money order as a favor.

No matter the story, fake check scams always involve someone giving you a genuine-looking check or money order and asking you to wire money somewhere in return. After you deposit or cash the check or money order and send the money, you learn that it was phony.

Now the crook has the money and you owe it back to your bank or credit union.

Your bank or credit union confirms that the check or money order is legitimate before letting you have the money, right?

Wrong. Federal law allows you to get the cash quickly, usually within 1-2 days. But your bank or credit union cannot tell if there is a problem with a check or money order until it goes through the system to the person or company that posedly issued it. This can take weeks. You are responsible because you are in the best position to know if the person who gave you the check or money order is trustworthy.

An official-looking envelope arrives in the mail with a check or money order for \$20,000 inside. The letter says you have won \$4 million in a sweepstakes or lottery. You just need to wire \$3,000 for taxes to claim the rest of your winnings. Is this your lucky day?

No! It is a fake check scam that will cost you thousands.

What could you lose?

Victims typically lose \$3,000-\$4,000. Once the counterfeit is discovered, your bank or credit union will deduct the amount of the check or money order from your account.

But that's not all:

- If there is not enough in your account to cover the amount, you could face collection or be sued.
- Your account may be frozen or closed, and you could be reported to a database of checking account abusers, making it difficult to open another account.
- Some victims are even charged with check fraud.

You will also have to repay the money if you cash fake checks or money orders at check cashing services or stores. If you are a fake check victim, try to resolve the problem immediately with your bank, credit union or check-casher.

How can you protect yourself?

There is no legitimate reason why anyone would give you a check or money order and ask you to send money anywhere in return. If that is the deal, it is a scam.

Phony sweepstakes, lotteries and grants, work-at-home schemes, foreign business deals and other scams are not new and do not always involve fake checks – sometimes the crooks simply ask you to send money. But using realistic-looking checks or money orders makes their stories more convincing.

Fraud is constantly evolving, so be on guard for anything that seems suspicious. Since money sent to crooks is often gone forever, **STOP, THINK, and GET ADVICE** first from your state or local consumer protection agency.

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A target symbol consisting of three concentric white circles is overlaid on the letter 'A' in the word 'TARGET'.

What should you know to detect fraud?

- Requests for payment to claim prizes are illegal. Real winners pay taxes directly to the government.
- Government agencies and foundations do not hand out “free” money. They usually provide grants for specific projects based on extensive applications.
- Unexpected offers to make money in a foreign business deal are never legitimate.
- Companies that hire people to work from home do not ask them to send money.
- Scammers ask for payment through money transfer services because it is fast and hard to trace. Only use these services to send money to people you have met in person and known for a long time.

Where can you learn more?

Consumer Federation of America

www.consumerfed.org/fakecheckscams

National Consumers League

www.fakechecks.org

www.fraud.org

Federal Trade Commission

www.ftc.gov/bcp/consumer.shtm

1-877-382-4357 (TTY 1-866-653-4261)

U.S. Postal Inspection Service

www.deliveringtrust.com

1-877-876-2455 (select option 4 for mail fraud)

Consumer Federation of America is a 501 (c) (3) association of some 280 nonprofit consumer organizations. Created in 1968, its mission is to advance the consumer interest through research, education, information and advocacy.