

SafeAlert[®]



A loss control advisory from the ABA-sponsored insurance program underwritten by Progressive

Check Fraud Ring Targets Employers of Migrant Workers

Banks are seeing an increased number of counterfeit checks cashed by noncustomers posing as migrant workers in New England, the Carolinas and Michigan.

The people behind this scam target bank customers who hire migrant workers. They create convincing counterfeit checks that usually bear a signature captured from an original check. To avoid raising suspicion, the counterfeit checks are for relatively small amounts. The perpetrators, therefore, cash several counterfeit checks in a short amount of time and recruit others to cash the checks. In a one or two day period, the perpetrators will hit one or more branches of the same bank, allowing them to use the same people they recruited and the fake IDs they created.

Positive pay can effectively protect the bank, providing the payees and amounts of the legitimate checks employees should be cashing.

Requiring the noncustomers' ID information alone has not proven to be an effective counter-measure, as the noncustomers who cash the checks have counterfeit IDs that match the payees' names. Positive pay lists can effectively protect the bank, providing the payees and amounts of the legitimate checks employees should be cashing. Not all customers are willing to provide positive pay lists; so, **to avoid being a victim:**

1. Alert tellers to this scam, and ask them to note if there is an unusually high number of noncustomers cashing checks on a particular customer's account.
2. If there are a lot of noncustomers cashing checks on a particular customer's account, call the customer to confirm that the check numbers on the items presented are within the range of checks the customer has issued.
3. Note the check dates and numbers if a noncustomer is cashing more than one check at a time.
4. Ask tellers to specifically look for noncustomers returning to cash checks as different payees.

For more information about check fraud losses, contact Judi Kovach, Loss Control Manager, at (800) 274-5222.