

# SafeAlert



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## Counterfeit Cashiers Checks not as Good as Cash

Progressive recently received a claim from a bank that gave next day availability to a customer on a \$450,000 cashiers check...only to find out 4 days later that the check was counterfeit.

Progressive has recently seen a number of large claims arising from banks providing immediate or next day availability of funds upon presentment of a cashiers check that later turns out to be counterfeit.

While cashiers checks are commonly considered by consumers to be the equivalent of cash, banks should be cautious about when they make funds available. Regulation CC generally requires that the first \$5,000 of a cashiers check deposited be available the day after deposit. The remaining funds must be available within 7 or 11 days, depending on whether the check is local or non-local. However, these 7- and 11-day periods can be longer if "reasonable", though the bank must show why a longer hold is reasonable.

While today's technology makes counterfeiting virtually impossible to detect, taking a few moments to verify the authenticity of the item could save your bank a tremendous loss. To avoid a potential loss to your institution:

- **Place appropriate holds on checks, including cashiers checks.**
- If customer service compels you to honor a cashiers check with immediate availability, be prudent - particularly if the amount of the check is significant. **Contact the institution on which the cashiers check is drawn and make sure that**
  - ☑ **it is a valid item *and***
  - ☑ **it has not yet been paid**

before permitting the withdrawal of funds.

<sup>1</sup>Coverage provided by Progressive Casualty Insurance Company, Mayfield Village, Ohio. SafeAlert 042004 © PCIC 2004  
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