



ABA News to Use

Keeping banking's frontline personnel informed

OCC Offers Tips on Avoiding Fraudulent Cashier's Checks

The Office of the Comptroller of the Currency recently issued advice to help consumers avoid becoming victims of scams involving cashier's checks.

The consumer advisory was issued in response to a growing incidence of these types of scams. In most cases, individuals receive a cashier's check and are asked to deposit the check into their account, wait until funds become available and then wire some part of the funds from their account to a third party, often in a foreign country.

"Cashier's checks serve an important purpose in the financial marketplace, but we are starting to see an increasing number of scams involving these instruments," said Comptroller of the Currency John Dugan.

Some common variations of this scam include the following:

-- Selling goods. Say you sell something in the marketplace -- for example, over the Internet. A buyer sends you a cashier's check for the price that you have agreed on, and you ship the goods to the buyer. The cashier's check turns out to be fraudulent.

-- Excess of purchase price. This scenario is similar to the one described above. However, the buyer sends you a cashier's check for more than the purchase price and asks you to wire some or all of the excess to a third party, typically someone in a foreign country. The buyer may explain that this procedure allows the buyer to satisfy obligations to you and the third party with a single check. The cashier's check turns out to be fraudulent.

-- Unexpected windfall. You receive a letter informing you that you have the right to receive a substantial sum of money. For example, the letter may state that you have won a foreign lottery or are the beneficiary of someone's estate. The letter will state that you have to pay a processing/transfer tax or fee before you receive the money, but a cashier's check will be enclosed to cover that fee. The letter will ask you to deposit the cashier's check into your account and wire the fee to a third party. The cashier's check turns out to be fraudulent.

-- Mystery shopping. You receive a letter informing you that you have been chosen to act as a mystery shopper. The letter includes a cashier's check and you are instructed to deposit the check into your account, and to use a portion of the funds to purchase merchandise at designated stores, transfer a portion of the funds to a third party using a designated wire service company, and to keep the remainder. The cashier's check turns out to be fraudulent.

Read more at <http://www.occ.treas.gov/ftp/release/2007-3.htm> and <http://www.occ.treas.gov/ftp/ADVISORY/2007-1.html>.

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