



First Friday Fraud Facts+

October 5, 2018

The Office of Idaho State Controller Brandon Woolf distributes this newsletter as a public service and as a cost-effective method of increasing awareness about ways to detect and prevent fraud, waste, and abuse in government.

Fake Checks & Forgery

A letter you just received says, "It's your lucky day! You just won a foreign lottery!" A cashier's check is included in the letter to cover the taxes and fees. All you have to do is deposit the check and wire the money to the sender to pay the taxes and fees to get your winnings. You're guaranteed when they get your payment, you'll get your prize.

There's just one catch: this is a scam. Even though the check appears to be a legitimate cashier's check, it is not good. The lottery angle is used to trick you into wiring the money to someone you don't know. Once you deposit and wire the money, your bank would soon discover that the check was a fake and you're out the money you wired because the depositor is responsible for any checks deposited. If the check is found to be fraudulent, the institution will still hold the account holder liable to pay back any funds lost on the transaction. If a fraudulent check is unknowingly deposited and then wired transferred to another party, those funds are considered inaccessible and the financial liability will come back to the depositor/account holder. This is just one example of a counterfeit check scam that could leave you scratching your head and out of your hard earned money.

Some fake checks look so real, even bank tellers have been fooled. The scammers use high quality printers and scanners to make the checks look real. Some of the checks even contain authentic-looking watermarks. These counterfeit checks are printed with the names and addresses of legitimate financial institutions. Even though the bank and account & routing numbers listed on a counterfeit check may be real, the check still can be a fake. These fake checks come in many forms, from cashier's checks & money orders to corporate & personal checks. Learning to recognize counterfeits will help from becoming a victim.



Protecting Yourself¹

Here's how to avoid a counterfeit check scam:

- Throw away any offer that asks you to pay for a prize or a gift. If it's free or a gift, you shouldn't have to pay for it. Free is free.
- Resist the urge to enter foreign lotteries. It's illegal to play a foreign lottery through the mail or the telephone and most foreign lottery solicitations are a fraud.
- Know who you're dealing with and never wire money to strangers.
- If you're selling something, don't accept a check for more than the selling price, no matter how tempting the offer or convincing the story. Ask the buyer to write the check for the correct amount. If the buyer refuses to send the correct amount, return the check. Don't send the merchandise.
- As a seller, you can suggest an alternative way for the buyer to pay. For a small fee you can use an escrow service or online payment service. If the buyer insists

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on using a particular escrow or online payment service you've never heard of, check it out. Visit its website, and read its terms of agreement and privacy policy. Call the customer service line. If there is no customer service line or if you call and can't get answers about the service's reliability, don't use the service.

- If you accept payment by check, ask for a check drawn on a local bank or a bank with a local branch. That way, you can make a personal visit to make sure the check is valid. If that's not possible, call the bank where the check was purchased and ask for the validity of the check. Get the bank's phone number from directory assistance or an Internet site that you know and trust, not from the check or from the person who gave you the check.
- If the buyer insists that you wire back funds, end the transaction immediately. Legitimate buyers don't pressure you to send money by wire transfer services. In addition, you have little recourse if there's a problem with a wire transaction.
- Resist any pressure to "act now." If the buyer's offer is good now, it should be good after the check clears.

You & Your Bank — Who is Responsible for What?¹

Under federal law, banks generally must make funds available to you from U.S. Treasury checks, most other governmental checks and official bank checks (cashier's checks, certified checks, and teller's checks) one business day after you deposit the check. For other checks, banks are required to make the first \$200 available the day after you deposit the check and the remaining funds must be made available on the second business day after the deposit.

However, just because funds are available on a check you've deposited doesn't mean the check is good. It's best not to rely on money from any type of check (cashier, business or personal check, or money order) unless you know and trust the person you're dealing with or better yet, until the bank confirms that the check has cleared. Forgeries can take weeks to be discovered and untangled. The bottom line is that until the bank confirms that the funds from the check have been deposited into your account, you are responsible for any funds you withdraw against that check.

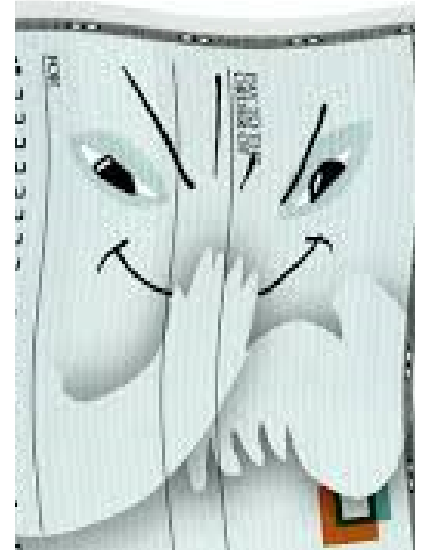
More Recently...²

In January of 2018, Holman Transportation Services Inc. located in Caldwell, became the victim of a large check fraud-scheme. Hundreds of fraudulent checks were counterfeited. The culprits got a hold of a routing number from an old check belonging to the company that was cashed years ago. The company's owner believed the criminals were duplicating the check by copying one of the company's logos off the internet and forging a signature, to make it look legitimate. These counterfeited checks range between \$400 to \$800 and were mostly being cashed at a local merchant stores unbeknownst to the merchant. This resulted in several victims, Holman Transportation and the merchants that cashed the checks.

Report Counterfeit Checks¹

If you think you've been targeted by a counterfeit check scam, report it to the following agencies:

- The Federal Trade Commission,



- The U.S. Postal Inspection Service, or
- The Attorney General's Office.

Case: Felonies Charged in Check Forgery Case³

Grangeville police initiated a months-long investigation that resulted in multiple felony charges against a local woman, with possibly additional charges pending.

Jeri Dannel Hanger, 50, was charged with five counts of forgery and two counts of grand theft in magistrate court on March 23, 2018.

Charges in this case involve three victims and a total \$850 in alleged forged checks. According to court documents, Hanger allegedly took the checks from victims Cynthia Cox between Oct. 1-Nov. 24, 2017; and Teresa Alley between Jan. 14-30, 2018; and allegedly forged and passed a series of five checks belonging to Alfred Merel Oman at local stores from July 8 to Aug. 19, 2017.

Inquiry into these cases began in early 2017, according to the police chief Morgan Drew. Hanger reportedly befriended some of the victims or other friends of the victims to gain access to their residences. The case involved more than 80 hours of investigative work, conducted by officers Philip Graham, Mike Quintal and Drew.

“These are the kinds of cases that matter,” Drew said. “At least two of the victims were elderly, and we need to protect these folks to keep these things from happening.”

“Even though this case took a long time,” he continued, “it was very much worth the effort put into it because at the end of the day you know you are helping folks.”

Hanger was sentenced to 45 days jail time, 18 months determinate time, and 18 months indeterminate time in June 2018 for the crimes she committed.⁴



Citations

- ¹ “Fake Checks.” *Consumer Information*, Federal Trade Commission, 13 Mar. 2018, www.consumer.ftc.gov/articles/0159-fake-checks.
- ² “Forged Checks Going around Treasure Valley.” *KTVB*, KTVB, 1 Feb. 2018, www.ktvb.com/article/news/local/forged-checks-going-around-treasure-valley/277-513371836.
- ³ “Felonies charged in check forgery case.” *News, Sports, and Information for North Central Idaho*, Idaho County Free Press, 27 March. 2018, <http://www.idahocountyfreepress.com/news/2018/mar/28/felonies-charged-check-forgery-case/>.
- ⁴ “Court Records: District/Magistrate June 14-24.” *News, Sports, and Information for North Central Idaho*, Idaho County Free Press, 29 June. 2018, <http://www.idahocountyfreepress.com/news/2018/jun/30/court-records-districtmagistrate-june-14-24/>.

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