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COMMONWEALTH OF PENNSYLVANIA
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BANKING DEPARTMENT ISSUES WARNING ABOUT COUNTERFEIT CASHIER'S CHECKS

HARRISBURG – Consumers who sell items through online auctions or classified ads should be on the lookout for scam artists who pay with counterfeit cashier's checks, Banking Secretary Bill Schenck said today.

Earlier this week, Schenck wrote to the state's financial institutions asking them to caution customers who accept cashier's checks from strangers.

"In general, cashier's checks are quite useful if you're selling a car to someone in your community," said Schenck. "The danger is when consumers accept these checks from another country. The widespread popularity of Internet auctions and the relative ease with which exceptionally high quality, but bogus, checks can be created has caused this type of fraud to increase.

"We are seeing this happen in Pennsylvania and are cautioning consumers and tellers to beware of this activity."

The scam takes many forms, but generally involves an offer for an item, apartment or service for sale from a person the victim doesn't know (often from another country). The scam artist sends a high-quality, but counterfeit, cashier's check as payment, which the victim presents

to their bank. Due to the sophistication of these forgeries, they are difficult to discover before the bank makes the funds available to the victim.

In another common scenario, the scam artist sends a bogus check for an amount greater than the purchase price. The scam artist offers what seems like a reasonable explanation for the overpayment and asks the victim to wire back the difference. Again, this all takes place before the forgery can be detected.

The Department of Banking recommends that citizens protect themselves by doing the following:

- Understand that although the bank may allow you to withdraw money from a cashier's check, that doesn't necessarily mean the check has cleared. Remember: you are responsible for the funds until your bank has received the proceeds from the institution where the check originated;
- Be cautious of transactions with strangers who pay with cashier's checks;
- Avoid any situation where someone pays more than the purchase price of an item and demands that the extra money be returned. Ask for a new check in the correct amount;
- Be suspect of any cashier's check that just shows up in the mail, especially if it has a "congratulations" letter attached; and
- Hold any funds provided by cashier's check from someone you don't know for at least 30 to 45 days to ensure that funds are valid.

Consumers who believe they may have been the victim of this type of scam should contact the Pennsylvania Office of Attorney General at 1-800-441-2555, the U.S. Secret Service at 1-202-406-5850 or the Pennsylvania Department of Banking at 1-800-PA-BANKS (800-722-2657).

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