



Check Fraud vs. Credit Card Fraud

Is It Safe To Use My Check Book?

Fraud Tip of the Month

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At many presentations, I am asked if it is safer to use checks or credit cards. My answer... "It depends on how they are being used and how you are protecting the account numbers." I avoid using checks because of their vulnerability to theft and counterfeiting. They still have a purpose, however, and you can protect yourself by following some simple rules.

To do this topic justice, I am going to do a two-part series on Checks vs. Credit Cards. Today, I will discuss potential hazards associated with check fraud. Next month, I will discuss the potential hazards associated with credit card fraud.

CHECK FRAUD 101

Some experts believe the Romans invented the check about 352 B.C. Check writing first became common in Holland during the 1500's. A check was written in the Americas as early as 1681. Today, almost all adults have, or have had, a checking account. Check writing is still a major component of commerce.


POTENTIAL PROBLEMS

1. Check writing is an old system that requires the check to be transferred between hands several times before the process is complete. As it is carried about and transferred between hands, the check is subject to theft by strangers or bad employees. An example of the vulnerability of this transfer method is Mail Theft.
2. Baby Boomers did not grow up with technology. Even though check writing is not the safest and most efficient means to transfer funds today, many of us are comfortable with the process and resistive to change. Check writing is still part of our culture.
3. Generally speaking, criminals can cash stolen checks with impunity.
 - a. Many stores, because of an outdated concept of not wanting to offend or inconvenience customers, do not ask for or verify the identity of the person presenting a check. The losses from fraud are simply considered a cost of doing business and are passed on to the consumer through increased prices for goods.
 - b. If a store has a check acceptance policy, the process relies on the cashier to be diligent and follow the rules. When was the last time a cashier really looked at your check, compared your signature or even looked at the picture on your identification?
4. With modern technology, fraudsters do not have to steal your checks to use your bank account. Simply stated, all they need is to memorize or write down information from your blank check.
 - a. Using a common \$29.99 computer program, they can easily print out new checks using your bank account information. Why steal your checks when they

can just print new ones. Putting a stop payment on a series of stolen check numbers will not protect you from this type of fraud.

- b. If that is not bad enough, your checking account number can be used similar to a credit card number. It can be used over the telephone or internet to order a crook's next big screen television.
5. Your money is gone and unavailable to use to pay your bills. With check fraud, when you discover the fraud, the money has already been removed from your account. Your bank will probably give you back your money, but there will be a delay in the return. After filling out an affidavit of forgery and the claim being accepted, your account will be reimbursed. This could take days, or even weeks. Meanwhile, do you have enough money to pay your bills and living expenses?

TIPS:

- ◆ Protect all checks, including the blank ones. If you carry a checkbook, take the same care as if it was cash. Remember, the information on your blank check is valuable to fraudsters.
- ◆ Limit the amount of personal information printed on your checks. Obviously, never place your Social Security number or date of birth on a check. In addition, I suggest you do not print your driver's license on your check.
- ◆ If you are paying a bill, do not write your credit card number or account number in the comment section of the check. After the check is cancelled, that information will be available to a thief if the check is misplaced.
- ◆ If possible, hand deliver all completed checks so they cannot be intercepted by bad guys. Many checks are stolen from outgoing or incoming mail. Do not use an unlocked rural mail box for outgoing or incoming checks. To an Identity Thief, the red  means "STEAL ME."
- ◆ Use a check register. If you use a checkbook that has an "NCR" copy, make sure the copy blocks out the signature portion of the check. Use the register to monitor your purchases and balances. Reconcile your bank statement within 30 days, or you may be liable for any losses due to check fraud.
- ◆ Learn new technology.
 - On a regular basis, use the telephone or Internet to check recent purchases and your balance. I check all my accounts online daily.
 - And YES, I have been victimized by check fraud in the past.
 - Consider paying some of your bills online. It is SAFE and usually free. The fewer checks floating around, the better.
 - Many of your regular monthly bills can be paid electronically online or by automatic withdrawal.
 - If you prefer a paper trail, many banks have a free bill pay program in which the bank will send out a check for you. The advantage to this is your account number is not exposed to a thief. The account number on the mailed check belongs to the bank. If the check is stolen, nothing is taken out of your account. You do not have to ask for your money back, and the thief does not have direct access to your account.
- ◆ Store your blank checks, deposit slips, bank statements and cancelled checks in a secure location. If your checks are stolen, close the account.
- ◆ When you no longer need them, SHRED or burn all checks, deposit slips, bank statements and cancelled checks.

For additional tips on Fraud and Mail Theft, visit the Salem Police Department's Fraud Tips at www.cityofsalem.net/departments/police. Click on the link "Fraud Tip" on the left column.