



FOR IMMEDIATE RELEASE
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NEW ANTI-FRAUD PROGRAM LAUNCHED IN ARIZONA
Aim is to Protect Consumers and Financial Institutions from Fake Check Scams

(Phoenix, Ariz. -- Dec. 14, 2010) Arizona Attorney General Terry Goddard today announced that he is joining with the Arizona Credit Union League & Affiliates, the Arizona Bankers Association, and Consumer Federation of America to launch an innovative program to protect consumers and financial institutions from fake check scams.

Under the program, participating banks and credit unions will distribute a brochure created by the Consumer Federation called "Don't Become a Target," to every consumer who comes in to deposit checks or money orders of \$1,000 or more or to withdraw \$1,000 or more. Thirteen banks and credit unions in Arizona have agreed to participate.

"The goal is to educate consumers about these scams at the very point where they are at risk of falling victim to them," said Susan Grant, CFA's Director of Consumer Protection, who is coordinating the program.

In fake check scams, the consumer receives a genuine-looking check or money order under a ruse, and is asked to wire money somewhere in return. For instance, the check may be described as an "advance" on millions that the consumer has won in a sweepstakes or lottery. The consumer is instructed to send money to pay taxes on the award before being eligible to claim the rest of the prize.

In another popular scenario, the consumer is recruited to work at home as a "mystery shopper" or process payments for a company and is instructed to send money somewhere as part of the job. No matter the story, the check or money order is phony, and when it bounces, the victim usually owes the money back to the financial institution where it was deposited or cashed. Average losses from these scams are in the \$3,000 to \$4,000 range.

"It's often impossible to detect counterfeit checks or money orders just by looking at them," Goddard said. "The message that we want to give consumers is that there is no legitimate reason why anyone who wants to give them money would ask them to send money somewhere else in return. If that's the deal, it's a scam."

Federal law gives consumers the right to access their funds quickly, usually within a day or two. But it is often difficult or impossible for the consumer's financial institution to tell if there is a problem with a check or money order until it goes through the system to the person or company that supposedly issued it. That can take several days or weeks.

"This campaign helps consumers understand that they are responsible for the checks and money orders they deposit or cash," stated Paul Hickman, President and CEO of the Arizona Bankers Association. "The consumer is ultimately in the best position to know if the source of the check or money order they've received is trustworthy," Hickman said.

"Fake check scams are a serious problem for consumers. Credit unions want to do all they can to educate their members. That's why we're excited to be a partner in this consumer education program," said Scott Earl, President and CEO of the Arizona Credit Union League & Affiliates.

Consumer Federation of America (CFA) is providing the brochure to participating banks and credit unions at no cost. To help the financial institutions prepare for the project, CFA gave them training materials about fake check scams and advice about handing out the brochures. In addition to the hard-copy brochure, which is in English on one half and Spanish on the other, there are electronic versions, in both languages, on CFA's Web site at www.consumerfed.org/fakecheckscams. There, visitors will also find a new PowerPoint presentation that CFA has created for consumers and other educational materials about fake check scams.

Brochures will also be available to government agencies, such as the Arizona Attorney General's Office, and nonprofit organizations in the state that conduct consumer education in Arizona.

Arizona is one of several states in which CFA is conducting this project to fight fake check scams. Participating financial institutions in Arizona are listed below. Arizona banks and credit unions that have not yet signed up to participate are welcome to do so, and should contact Susan Grant at CFA at 202-387-6121.

Arizona Financial Institutions Participating in Fake Check Consumer Education Project

1st Bank Yuma
Arizona Business Bank
Bankers Trust Company
Coconino Federal Credit Union
Commerce Bank of Arizona
Desert Schools Federal Credit Union
Mutual of Omaha Bank

San Tan Credit Union
Southeastern Arizona Federal Credit Union
Southwest Airlines Federal Credit Union
Stearns Bank
TruWest Credit Union
Tucson Healthcare Affiliates Federal Credit Union

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