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NEW ANTI-FRAUD PROGRAM LAUNCHED IN FLORIDA

Aim is to Protect Consumers and Financial Institutions from Fake Check Scams

Tallahassee, FL, November 16, 2010 – Today, the Florida Department of Agriculture and Consumer Services, the League of Southeastern Credit Unions, and the Florida Bankers Association are joining Consumer Federation of America in launching a new program to protect consumers and financial institutions from fake check scams. Banks and credit unions participating in this innovative effort will hand out a brochure created by CFA, “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.

“The key is to prevent consumers from being victimized by educating them about these scams at the very point where they may be at risk,” said Susan Grant, CFA’s Director of Consumer Protection, who is coordinating the program. Florida ranked as the 4th most common location of consumers who reported fake check scams to the National Consumers League’s Fraud Center, a database for complaints about telemarketing and Internet fraud, during the first nine months of this year.

In fake check scams, a consumer receives a genuine-looking check or money order for something 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 the taxes and claim the rest of the prize. In another popular scenario, the consumer is recruited to work at home as a “mystery shopper” or processing 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 owes the money back to the financial institution where it was deposited or cashed. The average loss is \$3,000 to \$4,000.

“It’s impossible to detect these counterfeits just by looking at them,” said Commissioner Charles Bronson, Florida Department of Agriculture and Consumer Services. “We want consumers to understand that there is no legitimate reason why anyone who wants to give them money would ask them to send money anywhere in return. If that’s the deal, it’s a scam.”

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Federal law gives consumers the right to access their funds quickly, usually within a day or two. But the consumer's financial institution can't 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 weeks.

"Florida banks work incredibly hard to prevent their customers from becoming victim of any type of financial scam, including those perpetrated with counterfeit checks," said Florida Bankers Association President and CEO Alex Sanchez. "Our hard work to protect our customers can be augmented if they have a better understanding of how these scams work, where they received their checks or money orders from, and whether or not the source is realistic or trustworthy."

"Because of the close relationship that credit unions have with their members, they're committed to doing whatever they can to protect them from fraud. That's why we're excited to be a partner in this consumer education program," said Patrick LaPine, President and CEO of the League of Southeastern Credit Unions. "Consumers and credit union personnel need to be able to recognize the warning signs of fraud in order to prevent it."

CFA is providing the brochure to participating banks and credit unions at no cost (except to cover shipping expense if they are able to do so). 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 English on one half and Spanish on the other, there are two electronic versions, one in English and the other in Spanish, 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.

Quantities of the brochure will also be available to agencies and organizations in Florida that conduct consumer education in the state. CFA is not offering hard-copies of the brochure directly to consumers.

Banks and credit unions in Florida that have not yet signed up to participate are welcome to do so and should contact Susan Grant at CFA, 202-387-6121.

Florida Financial Institutions Participating in Fake Check Consumer Education Project

Bay Bank and Trust Company
BankFIRST
Bank of the Ozarks
Flag Credit Union
Mutual of Omaha Bank

Peoples State Bank
Preferred Community Bank
Premier Bank
TMH Federal Credit Union
Urban Trust Bank

In addition to the Florida financial institutions that are listed above, the ACIPCO Federal Credit Union in Birmingham Alabama, a member of the League of Southeastern Credit Unions, will also be handing out the brochures.

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