



FOR IMMEDIATE RELEASE
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Contact: Susan Grant, CFA, 202-387-6121
Gary Brown, CPB, 212-459-8888
Bonnie Sklar, CUANY, 800 342-9835 x 8130
Rhonda Van De Wal, IBANYS, 518-436-4646

NEW ANTI-FRAUD PROGRAM LAUNCHED IN NEW YORK

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

Albany, NY – The New York State Consumer Protection Board (CPB) is today joining with the Credit Union Association of New York (CUANY), the New York Bankers Association (NYBA), the Independent Bankers Association of New York State (IBANYS) and Consumer Federation of America (CFA) to announce the start of a new and innovative program to protect consumers and financial institutions against fake check scams.

Under the program, participating banks and credit unions will hand “Don’t Become a Target,” a brochure created by the CFA, to every consumer who comes in to deposit checks or money orders of \$1,000 or more or to withdraw \$1,000 or more. Twenty-two banks and credit unions in New York have signed up to participate. “The key is to prevent consumers from being victimized by educating them about fake check 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.

In a fake check scam, the consumer receives a genuine-looking check or money order and is asked to deposit the check and then 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 other popular scenarios, the consumer is recruited to work as a “mystery shopper” or to process payments for a company and is instructed to wire 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 counterfeit checks just by looking at them,” said Mindy A. Bockstein, the CPB’s Chairperson and Executive Director. “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 anywhere in return. If that’s the deal, it’s a scam. The CPB and our national and state partners urge consumers to exercise extreme caution and heed the warnings about fake check scams.”

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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.

"The New York Bankers Association is proud to participate in this important effort to help consumers protect themselves from this common type of fraud," said association President and CEO Mike Smith.

"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 William Mellin, President and CEO of the Credit Union Association of New York.

CFA is providing the brochure to participating banks and credit unions at no cost (CFA is asking them to cover the 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 government agencies such as the CPB and nonprofit organizations in the state that conduct consumer education. CFA is not offering hard-copies of the brochure directly to consumers.

The CPB will also raise greater public awareness about fake check scams through its website and outreach activities.

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

New York Financial Institutions Participating in Fake Check Consumer Education Project

ACMG Federal Credit Union	School Systems Federal Credit Union
Auburn Community Federal Credit Union	Sidney Federal Credit Union
Brooklyn Cooperative Federal Credit Union	SUMA Yonkers Federal Credit Union
Canandaigua National Bank & Trust	Syracuse Cooperative Federal Credit Union
Dannemora Federal Credit Union	Town of Hempstead Employees Federal Credit Union
Evans Bank	Ulster Federal Credit Union
Finger Lakes Federal Credit Union	Westar Federal Credit Union
Fulton County Federal Credit Union	
GP Community Federal Credit Union	
Greater Niagara Federal Credit Union	
Horizons Federal Credit Union	
Nassau Financial Federal Credit Union	
New York Times Employees Federal Credit Union	
Niagara Regional Federal Credit Union	
OPCS Federal Credit Union	