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Media Contacts:

Elaine Lidholm, VDACS. 804-786-7686
Brian Gottstein, VOAG, 804-786-5874
Susan Grant, CFA 202-387-6121
Lewis Wood, VCUL, 800.768.3344, ext. 629
Bruce Whitehurst, VBA, 804-819-4701

NEW ANTI-FRAUD PROGRAM LAUNCHED IN Virginia

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

Richmond VA – Today, Virginia Attorney General Kenneth T. Cuccinelli and Department of Agriculture and Consumer Services Commissioner Matthew J. Lohr are joining the Virginia Credit Union League, the Virginia Bankers Association, and Consumer Federation of America to announce a new and innovative consumer education program. The aim is to protect consumers and financial institutions from fake check scams.

Sixty-one banks and credit unions participating in this effort will hand out a brochure created by CFA about fake check scams and similar frauds 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.

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.

“Virginians need to be on guard against fake check scammers,” Cuccinelli said. “One of the best ways to avoid being victimized is to recognize the warning signs of these scams. The most glaring sign is if the person or organization sending you the check asks you to wire back part of the money. If this is the case, it is a scam.” Lohr said, “In tough economic times such as these, con artists take advantage of vulnerable consumers by offering them bogus work-at-home opportunities, government grants, and other enticements designed to lure them into depositing these checks. By the time the victims learn that the checks are phony, the money is gone.”

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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.

"These crooks take advantage of the trust that the financial system is built on," said Bruce Whitehurst, president and CEO of the Virginia Bankers Association. "Consumers need to understand that they are responsible for the checks and money orders that they deposit or cash because they are in the best position to know if the people who gave them to them are trustworthy." Rick Pillow, president of the Virginia Credit Union League said, "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."

CFA is supplying the brochure, "Don't Become a Target," 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 provided them with 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 "Don't Become a Target" PowerPoint presentation for consumers and other educational materials about fake check scams.

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

Credit unions and banks in Virginia that have not yet signed up to participate are welcome to do so and should contact Susan Grant at CFA, 202-387-6121. Financial institutions that are participating thus far in Virginia are listed below.

Virginia Financial Institutions Participating in Fake Check Consumer Education Project

1 st Advantage Federal Credit Union	First Bank
AB&W Credit Union	First State Bank
Apple Federal Credit Union	Fort Lee Federal Credit Union
Augusta Health Care Credit Union	Halifax County Community Federal Credit Union
Bank of the Commonwealth	Hampton Roads Catholic Federal Credit Union
Belvoir Federal Credit Union	Hampton Roads Educators' Credit Union
Benchmark Community Bank	Hampton VA Federal Credit Union
Bronco Federal Credit Union	High Street Baptist Church Federal Credit Union
Call Federal Credit Union	Inland Motor Employees Federal Credit Union
Celco Federal Credit Union	ITT Roanoke Employees Federal Credit Union
Central Virginia Federal Credit Union	KEMBA Roanoke Federal Credit Union
Charlottesville Postal Federal Credit Union	Kraftsman Federal Credit Union
Chesterfield Federal Credit Union	Life Line Credit Union
Citizens Bank & Trust Company	Lynchburg Municipal Employees Federal Credit Union
Danville City Employees Federal Credit Union	Union
DuPont Fibers Federal Credit Union	Lynrocten Credit Union
Fairfax City Federal Credit Union	Metropolitan Church Federal Credit Union
Farmers and Merchants Bank	Norfolk Municipal Employees Federal Credit Union
FedStar Federal Credit Union	Northern Piedmont Federal Credit Union
First and Citizens Bank	

Northwest Federal Credit Union
Old Point National Bank
Partners Financial Federal Credit Union
Pendleton Community Bank
Peoples Advantage Federal Credit Union
PFD Firefighters Credit Union
Piedmont Credit Union
Queen of Peace Arlington Federal Credit Union
Radford Pipe Shop Employees Federal Credit Union
Richmond Fire Department Credit Union
Roanoke Postal Employees Federal Credit Union
Sperry Marine Federal Credit Union

St. Ann's Arlington Federal Credit Union
St. Matthews Federal Credit Union
The Richmond Postal Credit Union
TruPoint Bank
Valley Industrial Credit Union
Virginia Credit Union
Virginia Educators Credit Union
Virginia Gas Credit Union
Virginia State University Federal Credit Union
Virginia United Methodist Credit Union
WECCU Credit Union

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