

Business Check Fraud is On the Rise!

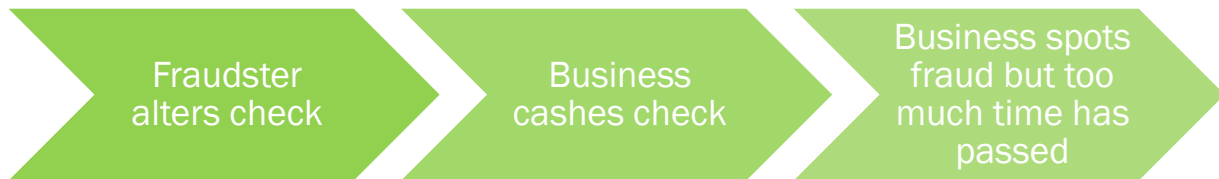
Check fraud is a real—and costly—risk.

What is check fraud? Check fraud occurs when a criminal manipulates a legitimate business check for their own benefit OR when the fraudster simply steals the information necessary to create a counterfeit check.

Many times, the perpetrator then negotiates the bogus check through an out-of-state bank. Here are a few examples of what this fraud can look like.



Front-of-check fraud:



Altering Checks – In this case, the criminal will alter the name, payment amount or both, before depositing.

Counterfeit Checks – These are fake checks, designed to look like your business checks.

Check Washing Fraud – This involves chemicals that first erase and then change the payable information on a check, such as the payee and dollar amount.



Back-of-check fraud:

Forged, Missing or Improper Endorsement – In this case, the criminal forges the endorsement and deposits it.



Other forms of check fraud:

Mobile Check Fraud – This happens when someone deposits the check via a mobile app and then also tries to deposit the check in person, at the bank.

Testing the Waters – A fraudster submits a fraudulent check; a business identifies the fraud but then fails to set up security measures (such as Positive Pay) and fraudsters continue to submit fraudulent checks.

Urgent Impersonation – A fraudulent business email is sent to an employee requesting payment with an urgent status, using terms like “extremely past due.” The email looks like it came from a vendor of the company, so the employee pays the balance.

Excess of Purchase – The buyer “mistakenly” sends a check for more than is expected and asks the victim to return the extra cash. Weeks later, the business discovers the check was fraudulent and must pay for the whole amount.

Guard your business against fraud

If your business isn't able to eliminate the use of paper checks completely, the next best thing is to put processes and safeguards in place to minimize risk. Be proactive—review all check-issuing accounts on a daily basis to quickly identify any suspicious activity. Recovery of funds lost to fraud can't be guaranteed, but the sooner you report a fraud incident, the quicker we can take action.

What happens if you deposit a fake check without knowing it?

The consequences of depositing a fake check—even unknowingly—can be costly. While bank policies and state laws vary, you may have to pay the bank the entire amount of the fraudulent check that you cashed or deposited into your account. The important thing about accepting checks is to make sure that if it is a larger purchase or from someone you don't know, that you only take money orders or cashier's checks. And, if you have any questions, look at the financial institution that is printed on the check.

C&F is here to protect you

We're always here to help if you spot a transaction that seems suspect, and it is important that you contact us within 24 hours of the incident. If you have questions about the fraud prevention services available to you through C&F Bank, please reach out to a banker near you or call us at 800.296.6246.