

Fake Cashier's Checks

A cashier's check—one where funds are already set aside in a special account at a bank—can be a safe way to receive payment for that used car you're selling or items you auction over the Internet. Unfortunately, FDIC fraud investigators are reporting that fake cashier's checks are getting easier for crooks to produce on personal computers. In one example recently reported to the FDIC, an individual lost a classic car worth \$41,000 to a thief who used a counterfeit cashier's check. How can you protect yourself?

"First, insist on a cashier's check drawn on a local bank or a bank that has a local branch," says FDIC fraud investigator Gene Seitz. "That way you can take the check to that bank to ensure it's valid." If you can't get a cashier's check from a bank with a local office, Seitz says, confirm that the out-of-town cashier's check is good by calling the bank.

Use the phone number from a reliable source, such as directory assistance. "Don't depend on the phone number given to you by the buyer," he warns, "because if this is a fraud, that phone number could just put you in touch with a partner in crime." If you're not sure where the bank is located or if it is legitimate, check the FDIC's "Institution Directory" on the Internet at www4.fdic.gov/IDASP/.

Be comfortable that you're dealing with an honest person. "Start by verifying the name, address, home number and work number of the purchaser through some independent means, such as an Internet database or directory assistance," he says. "Trying to determine who this person is will be especially important if you're selling over the Internet, because you're taking a big chance that the buyer could be a thief." Finally, Seitz cautions, hold on to the merchandise for several days after you deposit the cashier's check, or even longer. "To be safe, you may want to wait a couple of weeks before releasing the merchandise if you have suspicions about the buyer or the check," he says. "That's how long it could take for your bank to discover if the cashier's check is phony, and if it is, the bank will come looking to *you* for the money."