



# COUNTERFEIT U.S. POSTAL MONEY ORDER SCAM

by Texas Attorney General Greg Abbott

FOR THE PAST FEW YEARS, my office has been warning Texas consumers to beware of counterfeit cashier's checks in connection with advance fee frauds, international lotteries, and scams against charities. Recently, in a troubling new twist, Texas financial institutions and consumers have been reporting the existence of high quality counterfeit U.S. Postal money orders that are being used to fool consumers into cashing them and wiring part of the money abroad.

Perpetrators of advance fee frauds and similar sweepstakes schemes attempt to trick the victim into thinking a sweepstakes or lottery prize has been sent to them by mailing a phony cashier's check. Finding that consumers have caught on to the counterfeit check scam, scammers are now using phony U.S. Postal money orders instead of cashier's checks.

Many consumers are wise not to pay until they see the money that has been promised to them, but the phony U.S. Postal money order disarms this precaution. They have in their hand what appears to be a very sound financial instrument. They believe the money order is valid. The victim then lets down his or her guard, believing that the scammer has sent the money, and wires funds to the crook for the fees or taxes associated with their "winnings" only to find out later that the money order was bad.

In another variation, we have heard from people who call us after trying to sell a big-ticket item such as a car or boat. Most often, the item was listed online, but in some cases it was listed in the newspaper or a specialty magazine. The consumer is contacted by a buyer who agrees to pay the asking price,

but offers to pay with a cashier's check or U.S. Postal money order made out for an amount that is considerably higher than the agreed amount of the sale. Buyers offer various stories to explain why the check or money order is so large, such as saying that an earlier deal for a similar item for which the large money order was issued has since fallen through. The scam artist then asks the consumer to wire back the difference. The victim deposits the check or money order in a personal bank account, withdraws the cash, often relying upon part of the amount credited by the bank upon deposit of the bogus money order, and wires it to the buyer. The seller is then notified by the bank days later that the check or money order was counterfeit and the seller is liable for whatever funds the bank paid out. The reason these ploys work so well is that most people place great confidence in cashier's checks and money orders. Cashier's checks and money orders are generally considered much safer than personal checks, since they are issued by financial institutions that have already verified the existence of sufficient funds.

These counterfeits are so good sometimes that even bank tellers have been fooled. Frequently, the consumer has taken the precaution of asking the bank teller to verify that the cashier's check or U.S. Postal money order is valid, and in some cases, the cashier's check even appears to be drawn on the very bank that is being asked to cash it.

Banks and other financial institutions generally will not absorb the loss if consumers fall victim to this scam. Victims of this scam have in some

cases actually been accused of passing counterfeit checks. In addition, they usually lose the money they wire to the real criminal.

In Houston, a woman received a \$4,000 forged check as payment for her \$500 computer, which she had advertised online. The con artist told the woman to wire the \$3,500 difference to Nigeria. When the woman tried to cash the check, the cashing business realized it was a forgery and she was arrested. Houston authorities eventually dropped the charges when it was determined that she was the victim of a scam.

My office has also received reports that Texas charities are now possible targets. We were recently contacted by a Central Texas nonprofit that unexpectedly received what appeared to be three legitimate U.S. Postal money orders totaling \$2,700. No explanation was given as to who had sent them or why. They arrived in an envelope bearing several Nigerian postage stamps. Even more puzzling, the handwritten return address on the money orders was in Memphis, Tennessee. A representative of the nonprofit got in touch with my office, and we were able to confirm that the money orders were counterfeit.

Con artists will continue to contrive new ways to defraud Texans. Unfortunately, most of these criminals reside in foreign countries, making prosecution nearly impossible. My office will continue to work with other law enforcement to create new methods to combat these crimes and minimize their impact on Texas consumers.

## POINTS TO REMEMBER



### COUNTERFEIT U.S. POSTAL MONEY ORDERS

- **Beware** of receiving a cashier's check or U.S. Postal money order in connection with an international lottery, a contest you did not enter, or from someone you do not know.
- **Beware** of solicitations that require you to wire "taxes" or "fees" abroad in order to collect your "winnings" or to get a loan.
- **Do not send money** outside the country as part of a "transaction fee."

#### If you are selling an item online:

- **Do not cash a check** or money order made out for an amount higher than the agreed upon purchase price.
- **Verify** with your financial institution that the cashier's check or money order is legitimate.
- **Do not release funds** or the item you are selling until you are certain that you have received a valid form of payment. It could take days to clear.

If you feel you have been a victim of a counterfeit cashier's check or U. S. Postal money order scam, visit our website at [www.oag.state.tx.us](http://www.oag.state.tx.us) to file a consumer complaint or call us at **1-800-252-8011**.



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