



**OCC ALERT**

---

Comptroller of the Currency  
Administrator of National Banks

---

Subject:	Counterfeit and Fictitious Financial Instruments	Description:	Fraudulent Cashier's and Official Checks of Financial Institutions Used in Internet Purchases of Goods
----------	---	--------------	--

---

**TO:** Chief Executive Officers of All National Banks; All State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; Deputy Comptrollers (districts); Assistant Deputy Comptrollers; District Counsel, and All Examining Personnel

**RE:** Purchase Programs using Worthless Cashier's or Official Checks of Financial Institutions

The Office of the Comptroller of the Currency (OCC) has received numerous complaints from banks, other financial institutions, and individuals regarding schemes to defraud consumers in connection with legitimate sales of goods, primarily (but not exclusively) over the Internet.

The basic structure of the fraud involves a legitimate seller of goods who agrees on a price with a purchaser. The purchaser convinces the seller to accept payment from a third party, instead of a direct payment from the purchaser. The purchaser describes the third party as owing the purchaser more than the purchase price of the goods. The purchaser arranges for an official bank check or cashier's check—in excess of the purchase price—to be deposited by the third party into the account of the seller. This check may take up to two weeks to clear, but the purchaser asks or demands that the seller immediately wire the excess money to purchaser, usually at an account outside of the United States. See also OCC Alert 2003-3 (describing such a scheme involving fraudulent instruments of Frost National Bank, San Antonio, TX).

These transactions have become very sophisticated, sometimes using the number of a valid check that has been purchased, or fraudulently acquired, for this particular purpose, but altering the amount and payee on the check. Accordingly, when verifying the authenticity of a check for your customer/seller, received in a type of transaction with a purchaser that is unknown to the seller, you should verify with the issuing bank the check number, date issued, payee, and amount. Further, you should advise your customer that it may take up to two weeks, or more, for a fraudulent item to be returned to the bank.

If one of these instruments is presented to your institution for payment, you should retain the item and immediately bring it to the attention of your local office of the Federal Bureau of Investigation (FBI). If the circumstances warrant, file a Suspicious Activity Report, providing a copy of the SAR to your local FBI office along with the instrument.

If you have any questions or information concerning this matter that you feel warrants the attention of the OCC, please use the following contacts:

E-mail: [occalertresponses@occ.treas.gov](mailto:occalertresponses@occ.treas.gov)  
Mail: Office of the Comptroller of the Currency  
Enforcement & Compliance Division, MS 8-10  
250 E Street, SW, Washington, DC 20219  
Fax: (202) 874-5301  
Internet: <http://www.occ.treas.gov>

---

Brian C. McCormally  
Director,  
Enforcement & Compliance Division