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Booklet Will Help Banks, Businesses and the Public
Avoid Losses From Check Fraud

WASHINGTON, D.C. -- To combat increasing check fraud, the Office of the Comptroller of the Currency has issued an educational booklet, *Check Fraud: A Guide to Avoiding Losses*. Federal bank regulators and law enforcement agencies estimate that check fraud costs banks up to \$1 billion a year.

The booklet was prepared by the Check Fraud Working Group, a unit of the federal Bank Fraud Working Group that includes representatives of the OCC, FBI, FDIC, Federal Reserve Board, IRS, Justice Department, Office of Thrift Supervision, Postal Inspector, and the U.S. Secret Service.

The booklet is designed to help banks, businesses and the public avoid losses from check fraud by describing common check fraud schemes and fraud prevention techniques. The booklet includes these two common check fraud schemes:

Altered checks -- Criminals create altered checks by changing the name of the payee and/or the amount on what was a legitimate check. To protect against this type of fraud, check writers should avoid leaving large blank spaces on the lines where they insert numbers and write out the check amount. Customers should report to their bank when checks payable to them are stolen. Banks should review checks for consistent handwriting styles and for signs of erasure or alteration and should check identification and signatures.

Counterfeit checks -- These are false checks that look legitimate and are drawn on valid accounts or are presented for payment by someone using fraudulent identification. To protect against this type of fraud, bank customers should protect their personal information, including account records. Banks should review customer identification thoroughly; ensure that no bank employee or supplier has access to both account information and commercial check stocks or other controlled supplies; and inform customers about check fraud and the need to protect information.

The booklet also discusses other types of check frauds, including those involving closed accounts, new accounts, telemarketing, bank insiders, and criminal gangs.

To counter check fraud, the booklet suggests that banks establish and maintain internal controls, education and training programs, and guidelines for cashing checks and opening accounts. The booklet also discusses a variety of other preventive measures and check security features, including sophisticated watermarks, high-resolution micro printing, three-dimensional reflective holostripes, security inks, and designs and chemicals that bring out the word "void" if there are attempts to alter the checks.

For a copy of *Check Fraud: A Guide to Avoiding Losses*: write to

Comptroller of the currency, Communications Division, Washington, DC 20219; or fax your request to (202) 874-4448; or retrieve it from the OCC's web page at <http://www.occ.treas.gov>; or call (202) 874-5043 to order by phone; or visit the OCC's Public Reference Room at 250 E Street, S.W. in Washington, D.C. (9 a.m.-noon and 1-3 p.m., Monday-Friday).

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.