



**FRAUD ALERT!**

# **Financial Fraud UPDATE**

- **Advance-Fee  
Loan Scams**
- **Debit Card Fraud**
- **Counterfeit  
Cashiers Checks**

It seems that criminals have a virtually limitless capacity for devising ways to separate you from your money. Today's technology can make that goal even easier. But an educated financial consumer has a head start on protection. Here are some new scams becoming prevalent in the financial world...with ways you can defend yourself and your identity from theft and abuse.

## Advance Fee Loan Scams

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Around for decades, this scam has taken on new life due to the ability to create convincing web sites. Advance fee loan scams draw unwitting victims through the Internet, using legitimate looking Web sites, complete with privacy policies, customer service numbers and online loan applications.

In a typical scam, prospective “clients” complete an online form and soon receive a response telling them the loan has been approved. However, they are told they must first wire a deposit or fee to obtain the loan. Victims send the money, sometimes thousands of dollars, but the loan never materializes. In addition, the scam artist has obtained the victims’ social security number and other account information, leaving them vulnerable to identity theft.

**YOUR DEFENSE:** *Remember that it is illegal for a lender to ask you to pay a fee before you get a loan. Your best defense is to do business with an institution you know and trust, such as your bank.*

## Debit Card Fraud

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For those who want the convenience of a credit card, but do not want the interest payments or large bills at month-end, the answer can often be a debit card. Unlike credit cards, which are much like a loan that must be paid back with interest, debit cards offer the convenience of cash and “pay-as-you-go” purchasing.

Unfortunately, fraudsters have learned that debit cards can be like a blank check, enabling them to

empty an account before the victim even realizes the card is missing. In fact, the card is not even necessary. With simply a name and a card number, thieves can clean an account while the card is still in the victim's pocket.

A new threat is one called "skimming." In this fraud, thieves set up a device that captures the debit card magnetic stripe and keypad information from ATM machines and gas pumps.

**YOUR DEFENSE:** *Do not keep your PIN with your card. Be careful when using the card that no one is secretly watching (such as the person behind you in line). If an ATM looks suspicious, consider that it might be a skimming device and go to another location. If you are a victim, it is important to know that your bank will protect you. By law, your losses can be limited to \$50 if reported within two days of discovery. However, your liability can increase to as much as \$500 if you report within 60 days after your statement has been mailed to you. Check with your banker to learn more about the policies affecting you and your card.*

## Counterfeit Cashier's Checks

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Cashier's check fraud has become more prevalent as online auction sites, chat rooms and classified ads have gained popularity. In a typical fraud scenario, a seller advertises an item over the internet and a buyer, often from a foreign country, agrees to pay full price with a cashier's check or money order.

When payment is arranged the buyer says there is someone in the United States who owes him money. The person who owes the buyer money offers to send you a cashier's check for an amount over the purchase price and asks that you wire back the difference to the buyer. You agree because they offer you a small commission for brokering the deal. You receive the cashier's check, deposit it, and because cashier's checks are mistakenly thought to be as good as cash, wire the leftover sum to the

buyer. Days later your bank informs you that the cashier's check was fraudulent and that you are responsible for any money you've drawn against it. Unfortunately, you've lost your money and merchandise to a scam.

**YOUR DEFENSE:** *Use caution when dealing with foreign buyers and sellers. Remember that banks can take up to 10 days to determine if a check is counterfeit; do not be rushed into any transaction. Remember that no legitimate company will offer to pay you by arranging to send you a check and asking you to wire some money back. If that's the pitch, it's a scam.*

Criminals looking to steal someone's identity, money, or both, often prey on those who are most vulnerable, such as senior citizens and young adults. Be sure to alert any family members who may be at risk. And remember that your banker is an excellent resource for information about fraud detection and prevention.