

NEWS RELEASE

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AG CAUTIONS CONSUMERS AGAINST FAKE CHECK SCAMS

(MONTGOMERY) – Attorney General Luther Strange cautions about recurring fake check scams, warning consumers not to cash checks that come in the mail purporting to be winnings from contests and lotteries they never entered.

“Counterfeit checks are an old scam that keeps coming back around, with a growing number of fraudulent schemes and new variations being used to trick people,” said Attorney General Strange. Some common examples are check overpayment scams, sudden riches scams, mystery shopper scams, government grant scams, new friend scams, and grandparent scams. Most of the schemes ask the “winner”, who is actually the victim of a scam, to deposit the check and wire money for “taxes” or “fees” to receive their winnings. If you deposit the check and it bounces, you may be liable for the funds in addition to bank charges.

The checks look real, often bearing the names of legitimate financial institutions and having real routing or account numbers. Even if everything on the check looks legitimate, it can still be phony. Once you deposit the check, it may be days before your bank realizes that the check is counterfeit. Once this is discovered, you may be liable to the bank for the entire amount and banking fees.

In check overpayment scams, a scammer may send you a check or money order for more than the purchase price of an item being sold and ask you to send the remaining amount or “extra” back to the scammer. Once the check bounces, the scammer will have your money and the bank may charge you fees for the bad check.

With a sudden riches scam, a notice may be sent by regular mail, phone, or email stating you have won a cash prize or inherited money. Then you will receive a fake check or money order as an advance and you may be asked to send money to the scammer to receive the remaining amount.

In a mystery shopper scam you may be offered a job without a personal interview, resume, or background check. The scam may involve a situation where you are asked to cash a fraudulent check and spend small amounts in several different stores, rating the customer service, with the largest amount being sent back to the scammer through some type of money transfer service like Western Union or Moneygram.

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In a government grants scam you may be notified that you have been selected to receive a government grant. The scammer will then ask you to wire him a partial payment for “processing fees.”

In a new friend scam, a scammer may befriend you over email or the telephone and then claim to be in a foreign country and not able to leave without your help. The scammer will then ask you to wire him/her money in order to “help” them.

A grandparent scam targets the elderly with phone calls from scammers that claim to be your grandchild or a friend of your grandchild. While posing as your grandchild, the scammer will call in a panic and claim that he or she is in an emergency situation, like a car accident or having been arrested. The scammers often beg the grandparents not to call their “parents”, and to wire money to the scammers as quickly as possible. The sense of urgency in the call often makes the unsuspecting victims act without verifying the true identity of the caller.

Attorney General Strange offers the following advice for consumers to avoid becoming a victim of these scams:

- Never send money to claim a prize. Legitimate contest operators will never send you a check or money order and ask you to send back a portion of that payment in order to release a larger prize. Shred these offers immediately.
- Never agree to cash checks or transfer money as part of a work-at-home job. Legitimate businesses do not ask employees to perform those tasks.
- Do not pay for government grants. Official agencies do not offer money to people unexpectedly or charge fees in order to distribute grant money.
- Never wire money via Western Union or Moneygram to a person you do not know.
- Remember that fake checks are common and banks hold their customers responsible for the funds.
- Never give out your financial or personal information such as your bank account number, social security number, or date of birth.

If you think you have been a victim of a counterfeit scam, you may report it to the Alabama Consumer Protection Office, the Federal Trade Commission (FTC) and the United States Postal Service. Consumers may file a complaint online or call the Consumer Protection Office at 1-800-392-5658. Complaints may be filed at www.ago.alabama.gov.