



News Release

Attorney General Robert E. Cooper, Jr.

FOR IMMEDIATE RELEASE
March 8, 2010
#10-09

CONTACT: Sharon Curtis-Flair
(615) 741-5860
Christopher Garrett
(615) 741-8589

ATTORNEY GENERAL CAUTIONS CONSUMERS ABOUT FAKE CHECK SCAMS

Tennessee Attorney General Bob Cooper and Mary Clement, Director of the Department of Commerce and Insurance (TDCI) Consumer Affairs Division, are cautioning consumers about cashing checks that come in the mail purporting to be winnings from contests and lotteries they never entered.

Counterfeit checks are being used in a growing number of fraudulent schemes such as foreign lottery scams, check overpayment scams, Internet auction scams and secret shopper scams. Most of the schemes ask the "winner" to deposit the check and send 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.

"It is a good rule of thumb to avoid depositing a check from someone you don't know unless you can verify it's the real thing," Attorney General Cooper said. "If you didn't enter a contest or a lottery but get a check related to it, chances are good it's fake."

Fake checks sometimes bear the names and addresses of what appear to be legitimate financial institutions. Although the bank name, account and routing numbers listed on a counterfeit check may be real, the check can still be phony. The scam comes in many forms, ranging from cashier's checks and money orders to corporate and personal checks. In addition, it may take several days or longer before a bank determines the deposited check is not real, potentially leaving you liable for the entire amount and any additional bank charges.

Foreign lottery scams entice people by sending an official-looking letter, claiming it's their "lucky day" because they've just won a foreign lottery – that, again they haven't entered – with a check enclosed. They ask the "winner" to deposit the check, which is bogus, and wire the money to the sender to pay related taxes and fees.

Another scam targets consumers selling cars or other items via classified ads or online auction sites. Unsuspecting sellers get stuck when scammers pass off a bogus cashier's check, corporate check, or personal check, which is written for more than the agreed purchased amount. The scam artist asks the seller to wire back the difference after depositing the phony check, bilking the seller for the money and the item "sold."

In secret shopper check scams, consumers are asked to evaluate the effectiveness of money transfer services. The consumer is given a check, told to deposit it in his or her bank account and to withdraw the amount in cash. The consumer is instructed to take the cash to the money transfer service specified and to send the money to a person in a Canadian city. Then, the consumer is

supposed to “evaluate” his or her experience — but no one collects the evaluation. The secret shopper scenario is simply a scam to collect the consumer’s money.

These fraudulent operators are rarely arrested because it is nearly impossible for the sender to identify or locate the recipient. To avoid becoming a victim of these kind of schemes, General Cooper and Director Clement offer the following tips:

- Shred any offer that asks you to pay for a prize or a gift.
- Resist the urge to enter foreign lotteries. It’s illegal to play a foreign lottery through the mail or the telephone, and most foreign lottery solicitations are phony.
- Know who you are dealing with and never wire money to strangers.
- If you are selling something, don’t accept a check for more than the selling price. If the buyer refuses to send the correct amount, return the check and do not send the merchandise.
- If you are selling an item or service via an online or classified ad, you can suggest an alternative way for the buyer to pay, like an escrow service or online payment service. There may be a charge for an escrow service. If the buyer insists on using a particular escrow or online payment service you’ve never heard of, check it out. Visit its website and read its terms of agreement and privacy policy. Call the customer service line. If there isn’t one — or if you call and can’t get answers about the service’s reliability — don’t use the service.
- If you accept payment by check, ask for a check drawn on a local bank or a bank with a local branch. That way you can personally visit the bank to ensure the check is valid. If that’s not possible, call the bank listed on the check and ask if it is valid. Get the bank’s phone number from directory assistance or an Internet site that you know and trust, not from the check or from the person who gave you the check.
- If the buyer insists that you wire back funds, end the transaction immediately. Legitimate buyers don’t pressure you to send money by wire transfer services. You have little recourse if there is a problem with a wire transaction.

If you think you have been a victim of counterfeit scam, you should report it to the Tennessee Division of Consumer Affairs, the Federal Trade Commission (FTC) and the United States Postal Service. Consumers may file a complaint or call the Tennessee Division of Consumer Affairs for more information at 1-800-342-8385 (toll free inside Tennessee) or (615) 741-4737 or online at www.tn.gov/consumer/. To file a complaint with the FTC or for more consumer tips, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.