



North Carolina Law Life

Protecting Yourself from Cashier's Check Fraud

By: Donna Ray Chmura. *This was posted Thursday, April 8th, 2010*

There is a scam targeting attorney firms, where someone from a foreign country emails a firm, saying they are trying to collect a large payment from a local company. The debtor pays by cashier's check, which the law firm deposits in its trust account. The client becomes more and more insistent on being sent the payment. The lawyer calls the bank and determines the funds are available and wires the payment, only to discover some days later that the cashier's check was fraudulent.

There is a variation on this on auction sites where sellers are overpaid by cashier's checks and asked to wire the overage to an unrelated third party. Those checks turn out to be fraudulent as well, and the sellers are out the goods and the amount of the sale.

Unfortunately, technology allows the easy forgery of cashier's checks, and a depositor remains liable for any deposit which is not collected. It is also important to note that when the bank says funds are "available," it only means the funds have been credited to the account, not that the check has been collected or paid by the bank that (supposedly) issued the cashier's check.

Here are some tips from the [American Bankers Association](#) to protect yourself from these types of scams:

- Use caution when dealing with foreign buyers and sellers.
- Beware if the buyer or seller asks you to send money quickly. Banks often take 10 days or more to determine if a cashier's check is counterfeit. Do not ship the goods or spend any of the funds sent to you until 10 days to two weeks after you deposit the cashier's check.
- Insist on a cashier's check drawn on a local bank, or a bank that has a local branch. Insist on a cashier's check for the exact amount.
- Check the FDIC's [Institution Directory](#) to make sure the bank is legitimate.
- These fraud artists tend to target vulnerable people, senior citizens and young adults. Alert any family members who may be at risk.
- No legitimate company will offer to pay you by arranging to send you a check and asking you to wire some of the money back. If that's the pitch, it's a scam.

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- Become familiar with any auction site you visit online. Find out what protections the auction site offers buyers and sellers. Don't assume the rules are standard for all auction sites.
- Find out as much as you can about the other party you're dealing with.
- Be wary of parties who try to lure you away from one Web site with promises of a better deal.
- Save all transaction information.
- Protect your privacy. Never provide your Social Security number, driver's license number, credit card number or bank account information.
- Never agree to travel to meet your buyer or seller.

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