



For Immediate Release
Contact: Robyn Ziegler
312-814-3118
877-844-5461 (TTY)
rzeigler@atg.state.il.us
February 8, 2007

**DURING NATIONAL CONSUMER WEEK, MADIGAN URGES
CONSUMERS TO ‘READ UP AND REACH OUT’, HIGHLIGHTS TIPS
TO AVOID COUNTERFEIT CASHIER CHECK SCAMS THAT ARE
ON THE RISE**

Chicago - In recognition of National Consumer Protection Week, Attorney General Lisa Madigan today reminded Illinoisans that her agency offers a wealth of informational materials to help consumers make wise spending choices and avoid rip-offs. Madigan is using the week-long national education campaign, themed “Read up and Reach Out: Be an Informed Consumer,” to highlight the warning signs of one especially devastating form of consumer fraud—the counterfeit cashier’s check scam.

National Consumer Protection Week comes on the heels of the publication of the Attorney General’s Top 10 Consumer Complaint list for 2006. Madigan noted that her office’s Web site contains educational materials addressing problems represented on this year’s Top 10 list. “Prevention is key,” she observed. “By arming themselves with the practical information available to them, consumers can avoid becoming a statistic on next year’s list.”

Madigan also urged Illinoisans to educate themselves about a common scam that, while not on this year’s list, impacts many Illinoisans every year and leaves its victims financially strapped. Last year, Madigan’s office received 290 complaints concerning counterfeit cashier check scams. In 2007, 59 complaints have been received just for the month of January. The National Consumers League reports that fake check scams are #1 in their telemarketing category, up from #5 in 2005.

According to Madigan, forty-two percent of the consumers who called her office in 2006 to report counterfeit cashier check complaints had recently cashed the checks and wired the money, with an average loss of \$3,700 per victim. Madigan noted that in the most egregious case, the victim lost more than \$21,000. The victims wired money to locations such as Canada, Nigeria, England and New Zealand.

In counterfeit cashier check scams, victims receive a realistic-looking phony check and do not discover it’s fake until after depositing it and wiring money back to the thief. As a result, victims can be left legally liable to their banks for thousands of dollars. The scammers use high quality printers and scanners to make the checks look real. Some of the checks contain authentic-looking watermarks. These counterfeit checks are printed with the names and

addresses of legitimate financial institutions. Even if the bank account and routing numbers listed on a counterfeit check are real, the check still may be fake.

Consumers can receive these counterfeit cashier's checks in a number of ways, Madigan said. Some consumers receive the checks in the mail with a notice informing them they have won an overseas lottery and instructing them to wire back a portion of their "winnings" for taxes or fees. The letter might say "Spanish Sweepstakes Lottery Award Notification Final Notice: We are pleased to inform you have been approved for a lump sum pay out of \$1,231,620.00".

Others receive fake checks as payments for items they have sold over the Internet. In these cases, the checks are written in an amount in excess of the item's selling price, and the consumer is asked to return the "overpayment" by wire—typically, to an overseas address.

Madigan observed that the so-called Nigerian Letter scam continues to be a popular form of fake check fraud. Although this scam has many permutations, Madigan noted that it almost always begins when a con artist asks the consumer—by mail, e-mail, phone, or fax—to help him or her move a large amount of cash out of a foreign country.

If consumers take the bait, they then receive an authentic-looking phony check in the mail with instructions to deposit it and wire a large portion of the funds to an overseas address. If the consumers do as instructed, they can be liable to the bank for all of the money they wired overseas in addition to any of the proceeds they have already spent.

Madigan stressed that no matter how the fake check scam is pitched to the consumer, the bottom line is the same. "Whether you're being offered a 'lottery jackpot,' an overpayment for something you're selling, or the opportunity to help 'deposed royalty' transfer the family fortune to another country," Madigan cautioned, "if someone is sending you a check and asking you to wire some portion of it back, you are being set up for trouble."

Madigan said that many fake check scam victims mistakenly believe that a check must be good if their bank accepts the check for deposit and makes the funds available to them. Banks are required by federal law to make funds from a check available to consumers within a relatively short period of time. However, Madigan noted, "making the funds available to you is not the same as confirming that the check is authentic. It takes days, even a week or more, for a bank to determine that a check is a forgery."

Madigan offered the following tips to help consumers avoid falling victim to counterfeit cashier check scams:

- Throw away any offer that asks you to pay for a prize or a gift. If it's free or a gift, you shouldn't have to pay for it. Free is free.
- Do not enter foreign lotteries. It's illegal to play a foreign lottery through the mail or via the telephone, and most foreign lottery solicitations are phony.
- Know who you're dealing with, and never wire money to strangers.

- If you're selling something, don't accept a check for more than the selling price, no matter how tempting the offer or how convincing the story. Ask the buyer to write the check for the correct amount. If the buyer refuses to send the correct amount, return the check and don't send the merchandise.
- If you're selling something, don't accept a check for more than the selling price, no matter how tempting the offer or how convincing the story. Ask the buyer to write the check for the correct amount. If the buyer refuses to send the correct amount, return the check and don't send the merchandise.
- As a seller, 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 that you've never heard of, check it out. Visit its website, read its terms of agreement and privacy policy, and 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 make a personal visit to make sure the check is valid. If that's not possible, call the bank where the check was purchased, 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. In addition, you have little recourse if there's a problem with a wire transaction.
- Resist any pressure to "act now." If the buyer's offer is good now, it should be good after the check clears.
- If you cannot bring yourself to throw away an unsolicited check and simply must know whether the check is real, contact the issuing bank and ask them to authenticate it for you. Be sure to visit a local branch of the bank or look up the phone number in the phone book: Do **not** rely on contact information provided in the solicitation.

In addition to alerting consumers to counterfeit check scams, Madigan also urged consumers to make use of the information her office provides about issues on this year's Top Ten list. For the first time in the Top 10 list's history, identity theft complaints claimed the number one spot. Of the 32,724 consumer complaints filed in 2006 with the Attorney General's Consumer Protection Division, 5,237, or 16 percent, concerned identity theft. Madigan noted that many of the calls to her office's Identity Theft Hotline came from consumers seeking guidance on how to avoid becoming victims of ID theft.

"When consumers lose a wallet or receive a security breach notice in the mail," said Madigan, "they can reach out to my office and learn the steps they should take to prevent their personal information from being misused if it should fall into the wrong hands."

The Top 10 consumer complaints for 2006 are:

CATEGORY	# OF COMPLAINTS
1. Identity Theft	5,237
2. Credit	3,444
3. Construction/Home Improvement	3,204
4. Telecommunications	2,782
5. Promotions and Schemes	2,261
6. Financial Services	1,695
7. Motor Vehicles/Used Auto Sales	1,486
8. Mail Order	1,475
9. Business to Business Fraud	815
10. Motor Vehicle/Non-Warranty Repair	790

To reach out and read up on more information about fake check scams and a wide range of consumer issues, consumers can visit Madigan's website at www.illinoisattorneygeneral.gov or call one of the Consumer Fraud Hotlines or the Identity Theft Hotline at the numbers listed below.

Chicago Consumer Fraud Hotline: 1-800-386-5438 and 1-800-964-3013 (TTY)

Springfield Consumer Fraud Hotline: 1-800-243-0618 and 1-877-844-5461 (TTY)

Carbondale Consumer Fraud Hotline: 1-800-243-0607 and 1-877-675-9339 (TTY)

Spanish Language Hotline: 1-866-310-8398

Identity Theft Hotline: 1-866-999-5630 and 1-877-844-5461 (TTY)

-30-

[Return to February 2007 Press Releases](#)