



Sharpen Our Skills

Check Fraud
May 12, 2023

Huron Valley State Bank



FinCEN has identified the following financial red flags to help financial institutions detect, prevent, and report suspicious activity related to mail-related check fraud:

1. Non-characteristic large withdrawals on a customer's account via check to a new payee.
2. Customer complains of a check or checks stolen from the mail and then deposited into an unknown account.
3. Customer complains that a check they mailed was never received by the intended recipient.
4. Checks used to withdraw funds from a customer's account appear to be of a noticeably different check stock than check stock used by the issuing bank and check stock used for known, legitimate transactions.
5. Existing customer with no history of check deposits has new sudden check deposits and withdrawal or transfer of funds.
6. Non-characteristic, sudden, abnormal deposit of checks, often electronically, followed by rapid withdrawal or transfer of funds.
7. Examination of suspect checks reveals faded handwriting underneath darker handwriting, giving the appearance that the original handwriting has been overwritten.
8. Suspect accounts may have indicators of other suspicious activity, such as pandemic-related fraud.
9. New customer opens an account that is seemingly used only for the deposit of checks followed by frequent withdrawals and transfer of funds.
10. A non-customer that is attempting to cash a large check or multiple large checks in-person and, when questioned by the financial institution, provides an explanation that is suspicious or potentially indicative of money mule activity.