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Consumer Advisory Bulletin-January 2005

Counterfeit Cashier's Check Scam Grows

Warning! Cashier's checks are NOT always "good as gold."

The "counterfeit cashier's check scam" is a very nasty scheme that hinges on people's longstanding belief that cashier's checks are "good as gold." The most important tip if you receive a cashier's check? Be skeptical. **More and more cashier's checks are fake** -- very clever counterfeit checks designed to cheat you out of thousands of dollars.

The scam started with criminal gangs based in Nigeria, probably numbering thousands of white-collar criminals. Now the scams appear to be multiplying more than ever, cheating ever more victims with cunning counterfeit check ploys. Con-artists often use the "Web" to work their schemes, and new variations are popping up all the time.

Here's how the main "counterfeit cashier's check" scheme has worked:

You are selling something over the Internet (used car, motorcycle, etc.) You receive an e-mail offer, with the buyer promising to pay by bank cashier's check. The check arrives, but it is made out for several thousand dollars more than expected - and the buyer asks you to send the difference back to them. Your bank accepts the check and credits you with the money, so you wire the "extra" money back to the buyer. But then the cashier's check turns out to be counterfeit -- phony. And YOU LOSE THE MONEY you wired - it's stolen and untraceable.

Now we are seeing many new variations in addition to that basic scheme:

- **People may be contacted by e-mail or regular mail, even if they aren't selling on-line.** It could be a "sweepstakes prize" or "lottery," where they say you've won a huge prize (they send a cashier's check for \$3,000, e.g., which you must cash and send them for "processing fees.") It could be in a chat room where someone "befriends" you - and later asks you to deposit a cashier's check and wire them the money. There are endless variations popping up as to why you get a phony cashier's check.
- **The checks may appear to be from any bank - or even be counterfeit U.S. Postal money orders.** The perpetrators may appear to be from the U.S., Canada, Britain, Africa, etc. The crooks may ask you to wire the money to some place in the U.S. -- but they can pick it up in Africa or anywhere in the world and avoid being caught.

Be extremely wary of counterfeit check schemes. They are almost impossible to trace, punish and prevent -- so consumers must be alert and avoid falling for the scam.

If you are a VICTIM of the Counterfeit Cashier's Check Scam, contact the Iowa Attorney General's Office (515-281-5926, or toll-free at 888-777-4590.) We will help you report it to the U.S. Secret Service, the lead agency fighting this fraud. For more information, go to www.IowaAttorneyGeneral.org, or go to www.scamvictimsunited.com

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