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NEW ANTI-FRAUD PROGRAM LAUNCHED IN CONNECTICUT

Agencies Combine Efforts to Protect Consumers and Financial Institutions from Fake Check Scams

HARTFORD, September 14 -- Today, the Connecticut Department of Consumer Protection, the Connecticut Department of Banking, and the Credit Union League of Connecticut are joining Consumer Federation of America (CFA) in launching a new program to protect consumers and financial institutions from fake check scams. Connecticut is the first of several states in which CFA will launch this collaborative project.

Banks and credit unions participating in this innovative effort will hand out a brochure created by CFA, "Don't Become a Target," to every consumer who comes in to deposit checks or money orders of \$1,000 or more or to withdraw \$1,000 or more.

"The key is to prevent consumers from being victimized by educating them about these scams at the very point where they may be at risk," said Susan Grant, CFA's Director of Consumer Protection, who is coordinating the program.

In fake check scams, a consumer receives a genuine-looking check or money order for something and is asked to wire money somewhere in return. For instance, the check may be described as an "advance" on millions that the consumer has won in a sweepstakes or lottery. The consumer is instructed to send money to pay the taxes and claim the rest of the prize. In another popular scenario, the consumer is recruited to work at home as a "mystery shopper" or processing payments for a company and is instructed to send money somewhere as part of the job. No matter the story, the check or money order is phony, and when it bounces, the victim owes the money back to the financial institution where it was deposited or cashed. The average loss is \$3,000 to \$4,000.

"It's impossible to detect these counterfeits just by looking at them," said Consumer Protection Commissioner Jerry Farrell. "We want to consumers to understand that there is no legitimate reason why anyone who wants to give them money would ask them to send money anywhere in return. If that's the deal, it's a scam."

Federal law gives consumers the right to access their funds quickly, usually within a day or two. But the consumer's financial institution can't tell if there is a problem with a check or money order until it goes through the system to the person or company that supposedly issued it. That can take weeks.

"These crooks take advantage of the trust that the financial system is built on," said Howard F. Pitkin, Commissioner of Banking. "Consumers need to understand that they are responsible for the checks and money orders that they deposit or cash because they are in the best position to know if the people who gave them to them are trustworthy."

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“Because of the close relationship that credit unions have with their members, they’re committed to doing whatever they can to protect them from fraud. That’s why we’re excited to be a partner in this consumer education program,” said Tony Emerson, President and CEO of the Credit Union League of Connecticut. “Consumers and credit union personnel need to be able to recognize the warning signs of fraud in order to prevent it.”

CFA is providing the brochure to participating banks and credit unions at no cost (except to cover shipping expense if they are able to do so). To help the financial institutions prepare for the project, CFA gave them training materials about fake check scams and advice about handing out the brochures. In addition to the hard-copy brochure, which is English on one half and Spanish on the other, there are two electronic versions, one in English and the other in Spanish, on CFA’s Web site at www.consumerfed.org/fakecheckscams. There visitors will also find a new PowerPoint presentation that CFA has created for consumers and other educational materials about fake check scams.

Quantities of the brochure will also be available to government agencies in Connecticut such as the Department of Consumer Protection and nonprofit organizations that conduct consumer education in the state. CFA is not offering hard-copies of the brochure directly to consumers.

Banks and credit unions in Connecticut that have not yet signed up to participate are welcome to do so and should contact Susan Grant at CFA, 202-939-1003.

Participating financial institutions thus far in Connecticut are listed below.

Connecticut Financial Institutions Participating in Fake Check Consumer Education Project

Achieve Financial Credit Union	MiddConn Federal Credit Union
Capitol Region Federal Credit Union	Northeast Family Federal Credit Union
C.H.H. Credit Union	Northwest Community Bank
Chelsea Groton Bank	SoundView Federal Credit Union
Connecticut Labor Dept Federal Credit Union	Thomaston Savings Bank
Enfield Community Federal Credit Union	Tobacco Valley Teachers Federal Credit Union
Essex Savings Bank	Torrington Municipal & Teachers Federal Credit Union
Hartford Municipal Employees Federal Credit Union	Waterbury Telephone Federal Credit Union
Merritt Federal Credit Union	
Metropolitan District Employees Credit Union	

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