

Check Fraud Continues/What You Need to Consider



In the ever-evolving digital age we live in; one would believe that check fraud would be a thing of the past. Unfortunately, the age-old trick of criminals stealing checks out of the mail continues and appears to be more advanced than ever. Once the criminals are in possession of your checks there are several tactics deployed in editing the original check. These include but are not limited to altering the payee/amount (*check washing*) or simply forward endorsing the checks. On the more sophisticated side, criminals will take an image of the check, make alterations to it, and sell it on the dark web.

In a recent publication from the Association of Financial Professionals, it noted “[i]n 2021, checks and ACH debits were the payment methods most impacted by fraud activity (66 percent and 37 percent, respectively). The fact that check fraud remains the most prevalent form of payments fraud is not surprising. Checks continue to be the payment method most often used by Clubs.” Criminals are relentless in figuring out ways to steal; therefore, combating it is no easy undertaking. It is important Clubs invest the necessary resources to mitigate the risk associated with unauthorized debits and fraudulent checks.

Clubs should work with their banking institutions regarding fraud controls for checks and ACH transactions, review internal policies over banking activities (e.g., daily bank activity reviews) as well as work with their insurance provider to ensure the Club has the appropriate coverage.

If you have any questions or would like some additional insights into this topic, please do not hesitate to reach out to your engagement partner or give us a call.