



**AFP
2020**

**VIRTUAL
EXPERIENCE**
10/19-10/29

The Triangulation of ACH Fraud, Wire Fraud and Check Fraud

Timothy B. Noone, CTP
Executive Vice President
Citizens Business Bank



David Sandomenico, CTP & CPA
Senior Director,
Capital Markets & Analysis
IQVIA



Greg Litster
President
SAFEChecks



Fraud and the Coronavirus

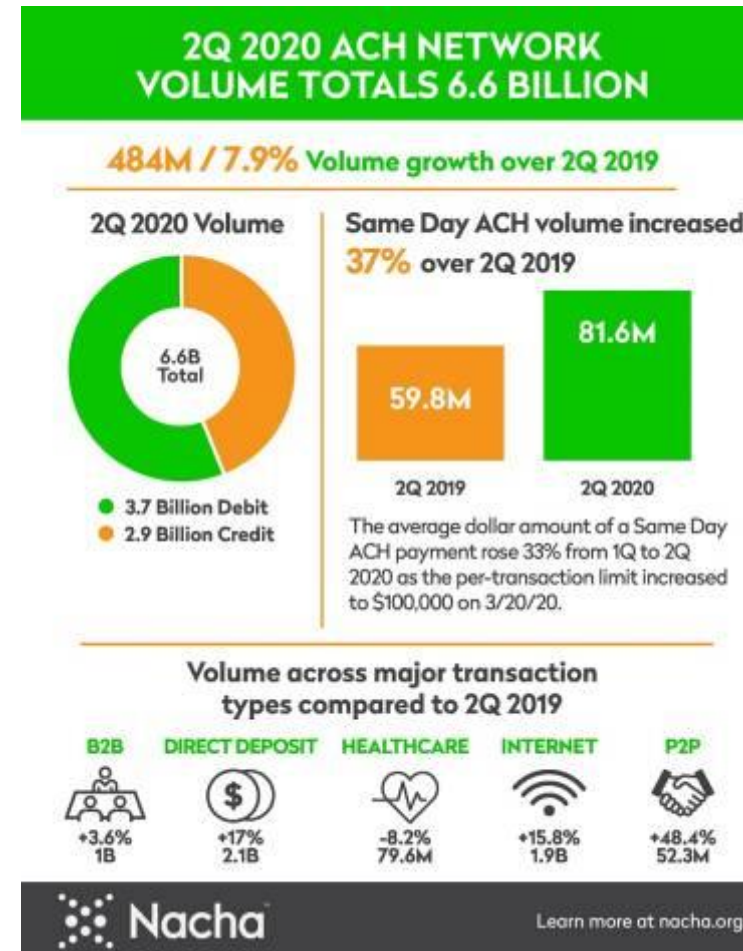
THE | PAYPERS

“...Moreover, the risk of B2B payments is even higher particularly as more employees work from home. Recently, Europol issued a warning of how cybercriminals and other fraudsters are adjusting their strategies to take advantage of the current climate uncertainty stemming from the coronavirus....”

<https://thepaypers.com/expert-opinion/b2b-payments-2019-2020-key-drivers-of-innovation--1243725>



Almost 7 Billion ACH transactions in 2nd quarter of 2020 alone!



<https://www.nacha.org/content/ach-network-volume-statistics>





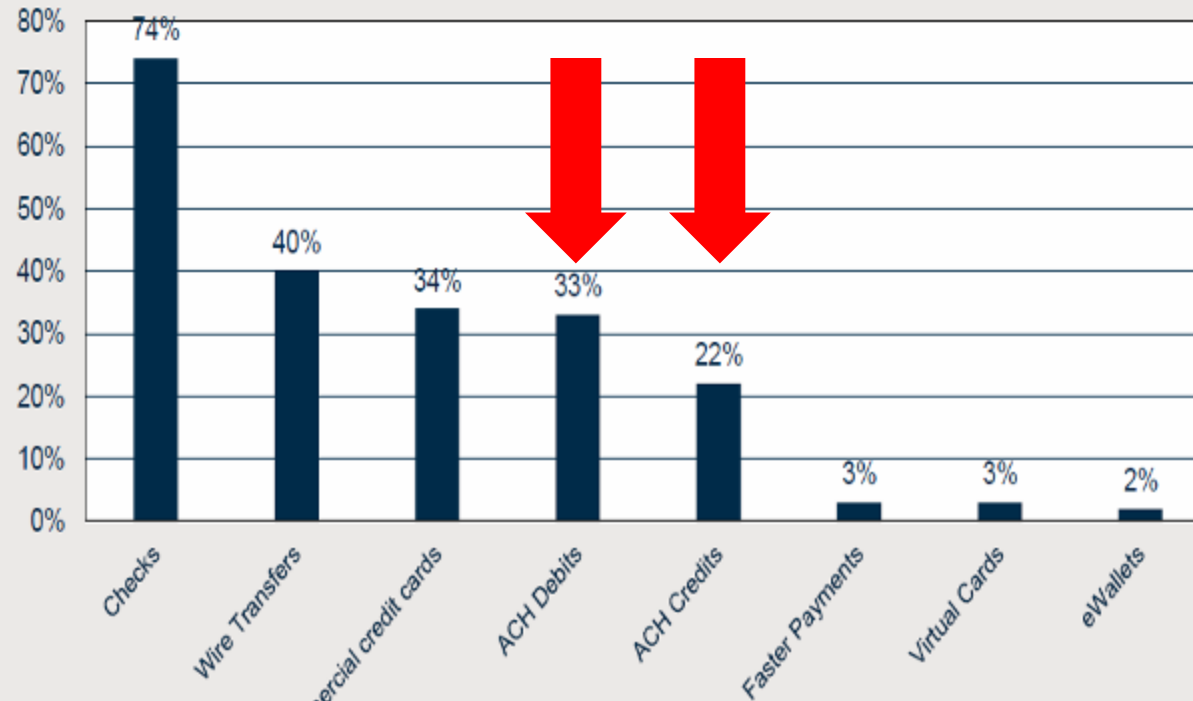
ACH Network = one of the safest payment systems in the world...but...

ACH fraud has almost tripled, from 12% in 2010 to 33% today (Unauthorized ACH Debits)

AFP 2020 Payments Fraud and Control Survey



Payment Methods that Were Targets of Attempted and/or Actual Payments Fraud in 2019 (Percent of Organizations)



Source: 2020 AFP Payments Fraud and Control Survey, Association for Financial Professionals

AFP 2020 Payments Fraud and Control Survey

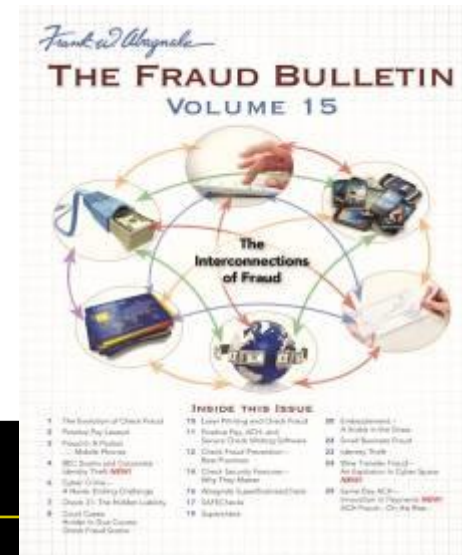


It is usually not the payment method itself that is compromised but the **processes leading up to the payment initiation**....by gaining access to internal systems, fraudsters may successfully be able to generate ACH files...." AFP 2020 Payments Fraud and Control Survey



Most ACH fraud could have been prevented if “best practices” had been followed by organizations or individuals. **Some of these practices include:**

- Know the person with whom you are dealing – fraud happens by incorrectly assuming an unknown party is legitimate
- Utilize your bank’s fraud detection and prevention resources such as ACH Filters, Blocks, Transaction Review, UPIC codes
- Monitor your accounts daily



Abagnale
Fraud Bulletin,
Volume 15



ACH Filters and Blocks

Prevent unauthorized ACH debits
from paying against your bank account

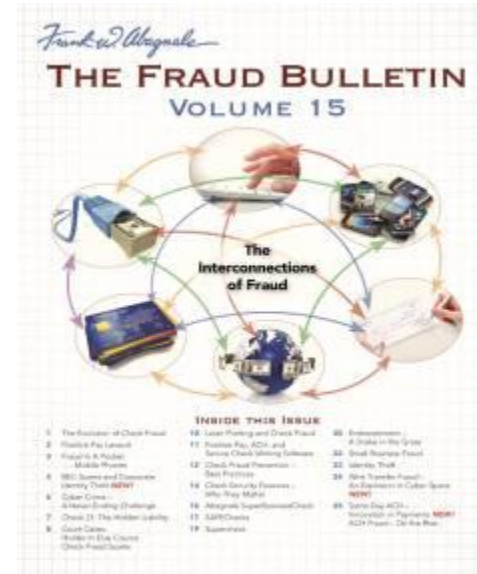
An unauthorized ACH debit MUST be returned
within 24 hours after it posts or it

CANNOT BE RETURNED!

ACH Filters and Blocks are available through your Bank



- Segregate accounts for better control, e.g.
 - collections vs. disbursements
 - high volume vs. low volume
 - paper vs. electronic



- Use encrypted email for confidential information
- Mask account numbers and tax ID numbers in correspondence
- Collect bank tokens and change passwords when an employee leaves the company and contact your bank to remove them as a signer or authorized user of ACH origination services.

Abagnale Fraud Bulletin, Volume 15





Tim "Mayhem" Noone, Executive VP

Wisdom from the Trenches



Wire Fraud is Cybercrime

Cybercrime

Hackers, BEC Scams & VEC Scams





The Transparent City....

Vendor Email Compromise / BEC





Top Secret
Mergers and
Acquisitions

More BEC scams

Poetic Justice...
Nigerian Letter





“Cyprus is nice this
time of year...”



Lonely Hearts Club
Chat Room Romance....

Money Mules





“But we don’t have that form on file...”

Phishing





“Please hold for the Managing Partner...”

Reverse Phishing

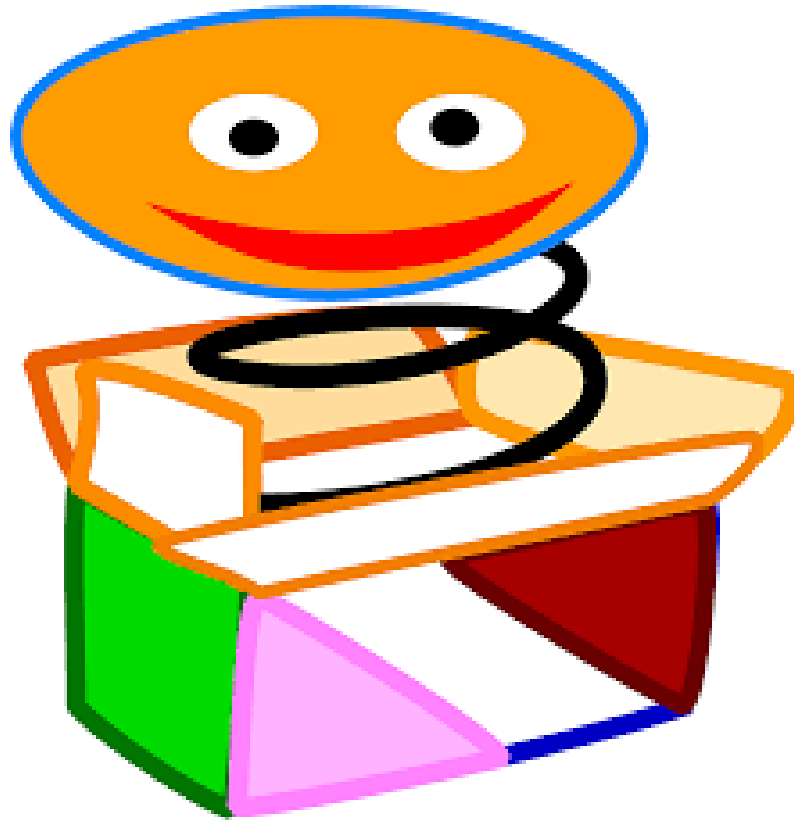




South of the Border Leasing....

Vendor Email Compromise





Pop goes the Fraudster....

Man in the Middle and Computer takeover



<< Video >>

Cyber Crime: Hackers, Zeus, Russian Mules & \$70 Million



Cyber Crime_Hackers, Zeus, \$70 MM_11 minutes

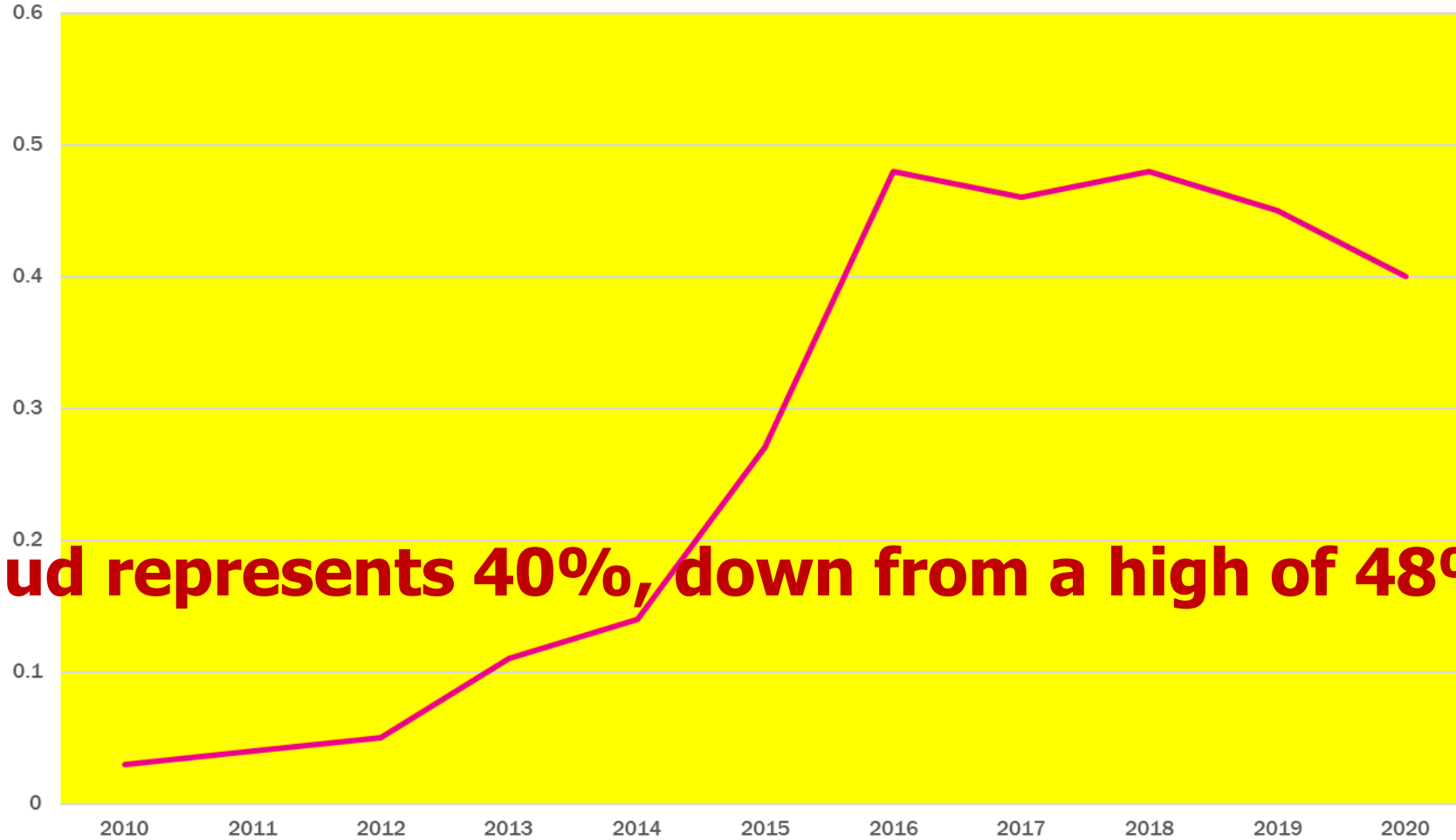
AFP 2020



For this video, email Robin@SAFEChecks.com

Wire Fraud 2010 – 2020

(AFP Payments Fraud and Control Surveys 2010 - 2020)



Wire fraud represents 40%, down from a high of 48% in 2018!

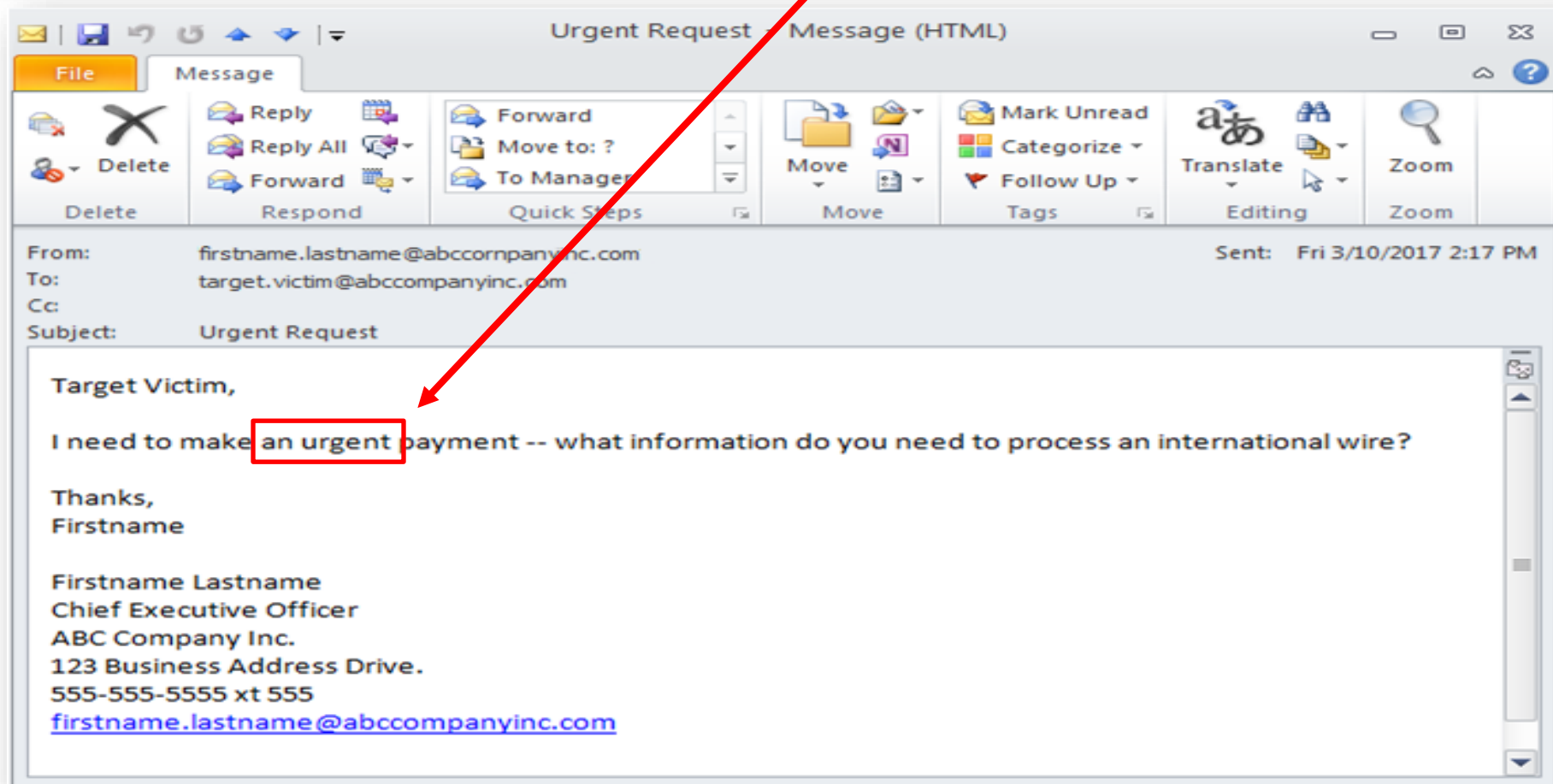


The problem is not the bank's
wire transfer system.

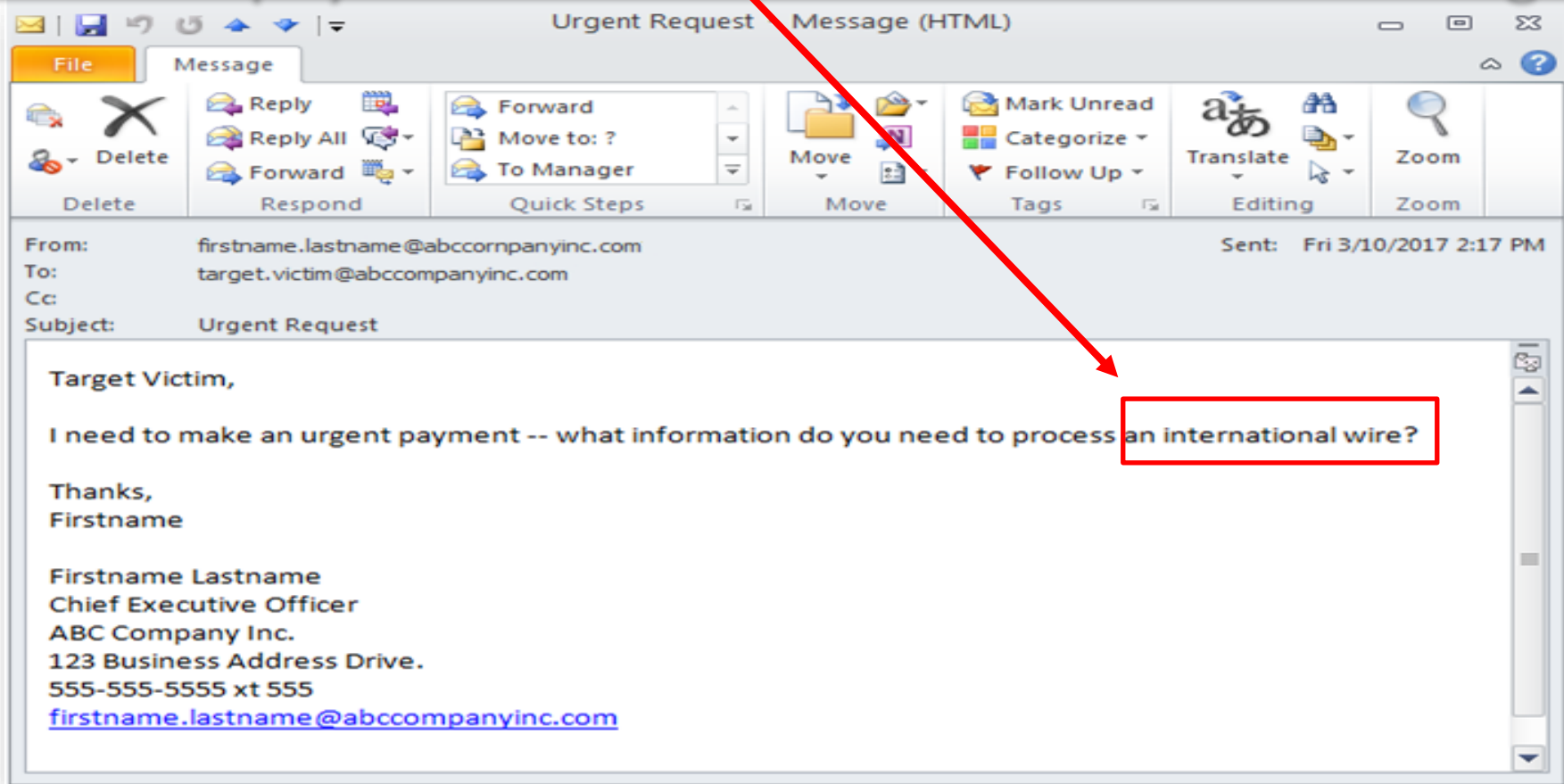
It's a human failure.

Somebody falls for a clever social engineering scam.

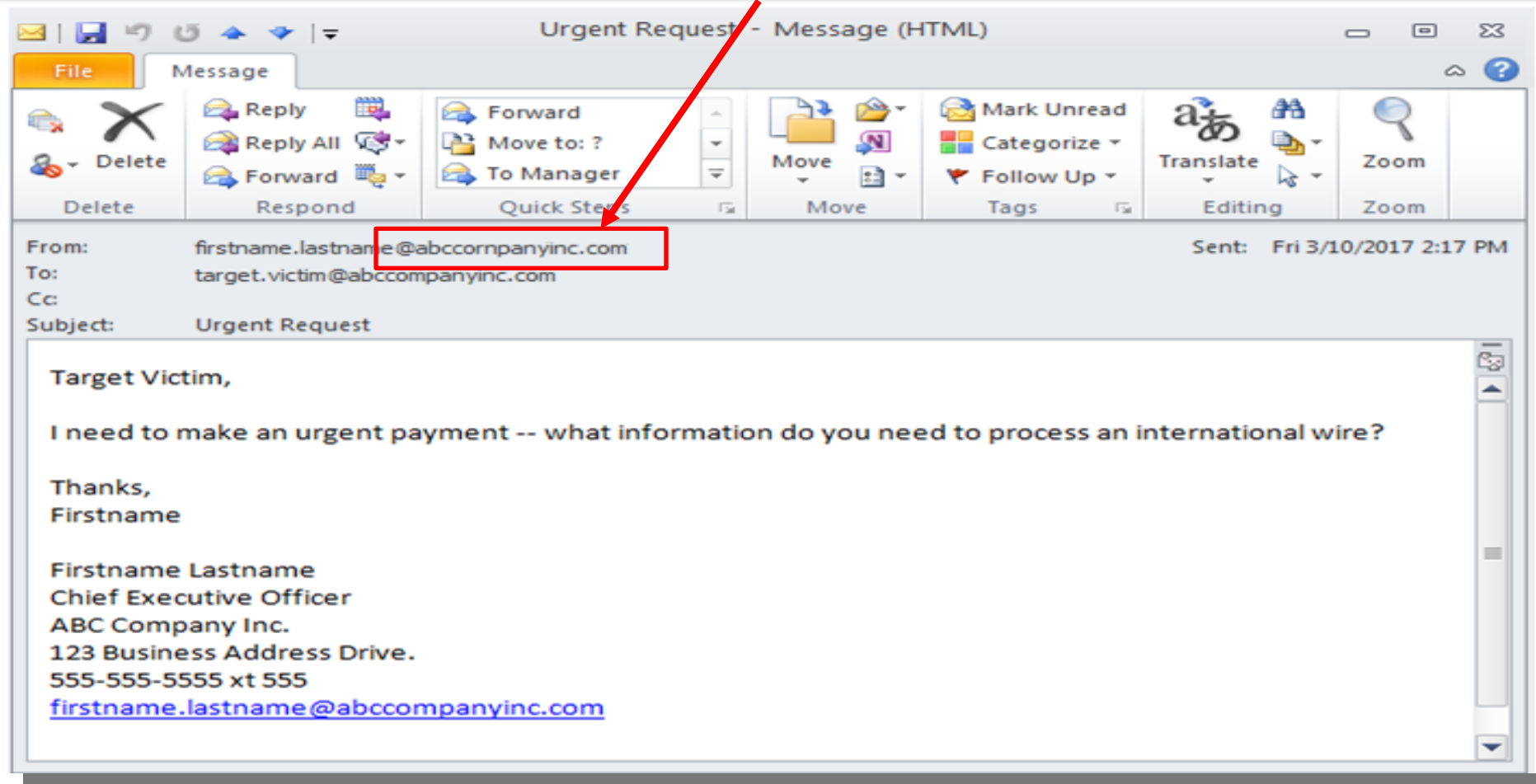
Requests are typically **urgent and confidential**



International wires are most common, but requests for US payments and **W-2 records** are increasing



Look for **SPOOFED** domain registrations because...



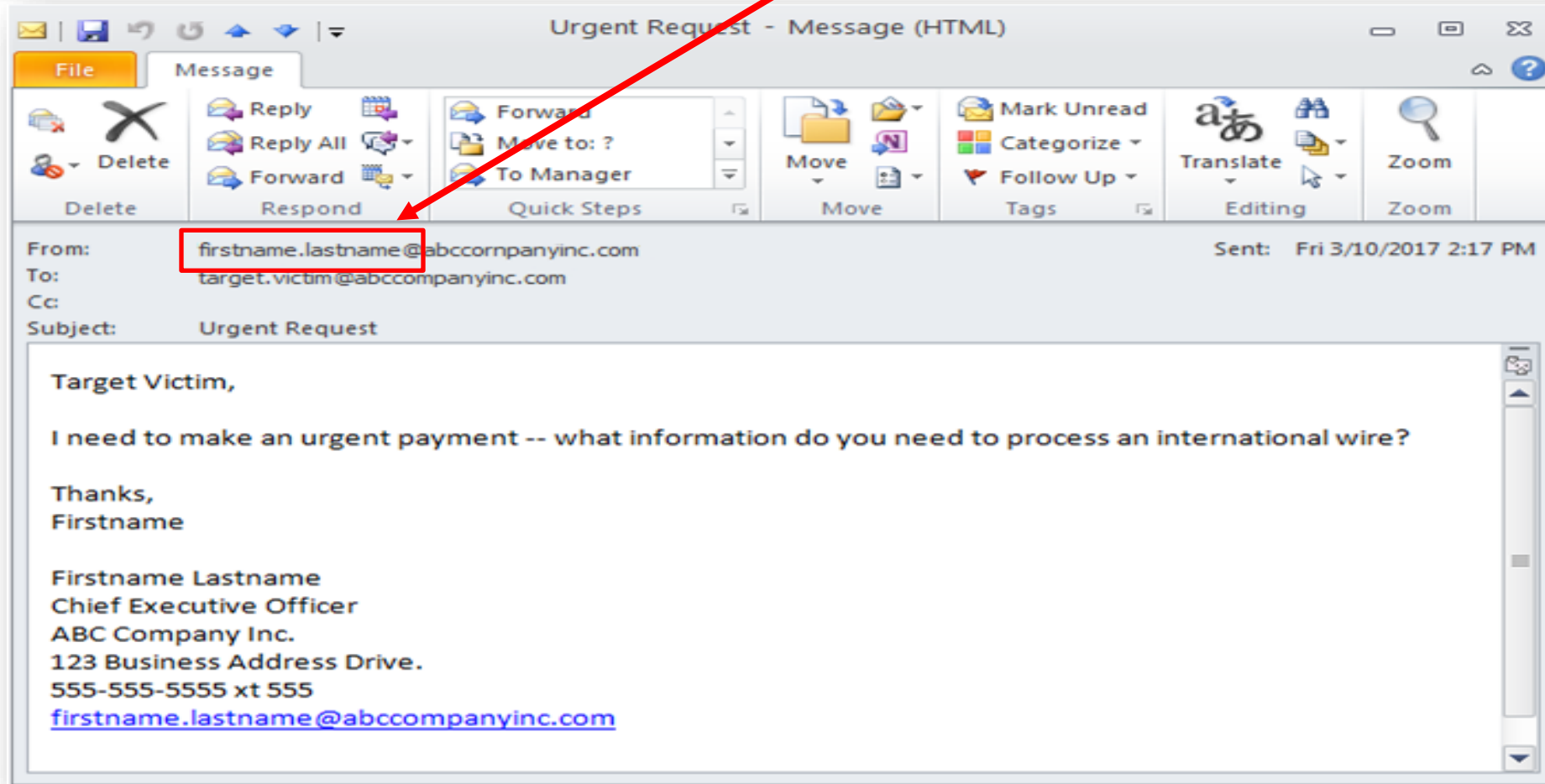
Identifying the Difference in Email Domains

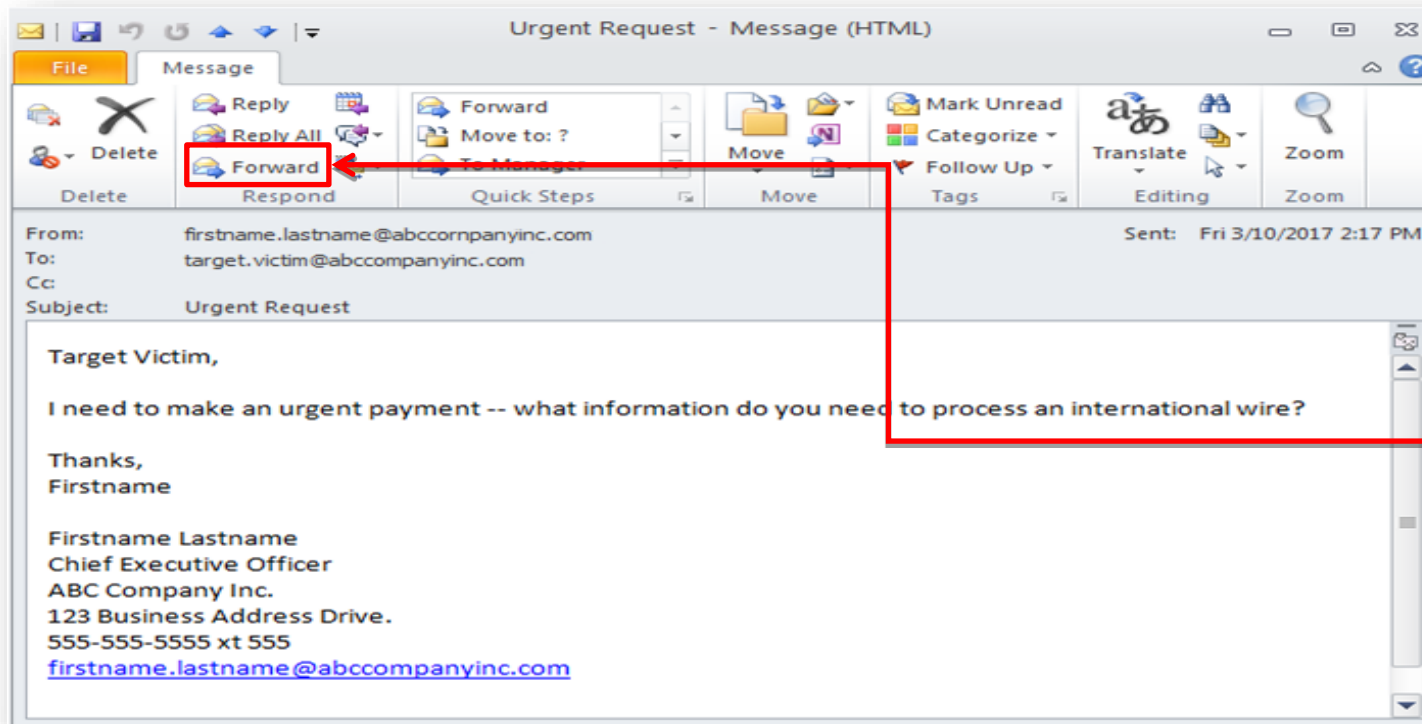
firstname.lastname@abccompanyinc.com

firstname.lastname@abccornpanyinc.com



It's very hard to **limit** publicly available information



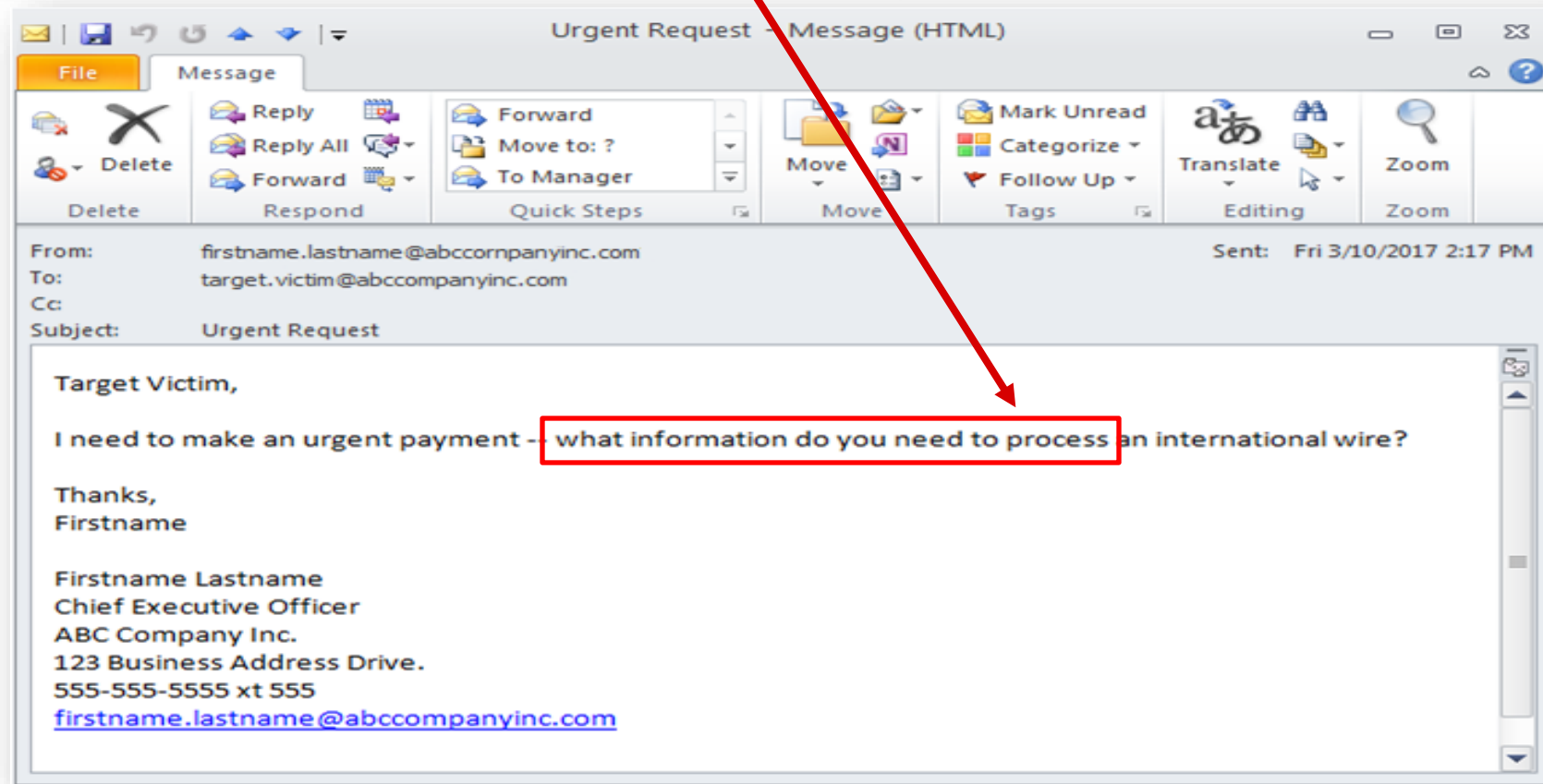


When
replying,
use
Forward

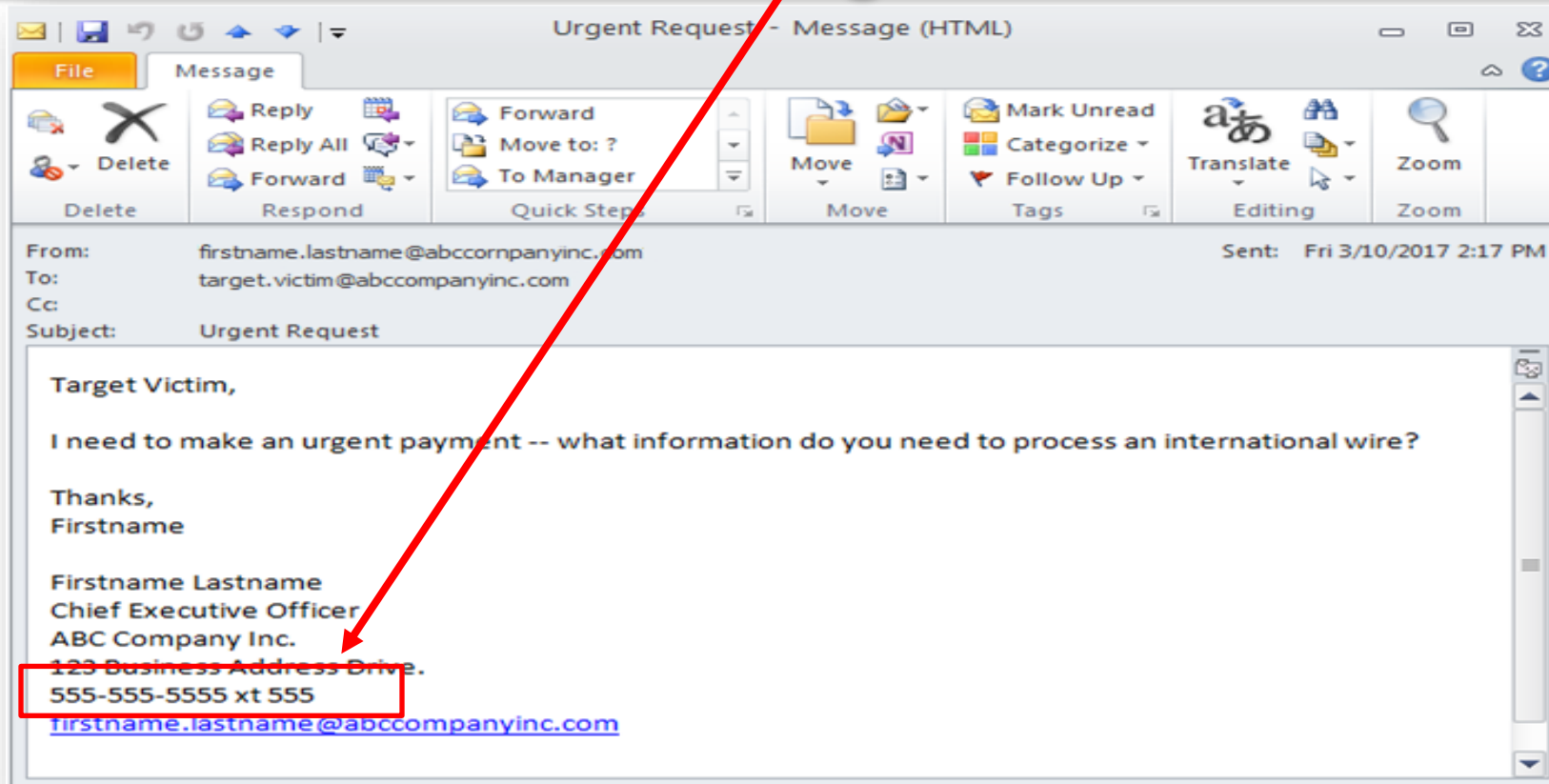
NOT

Reply

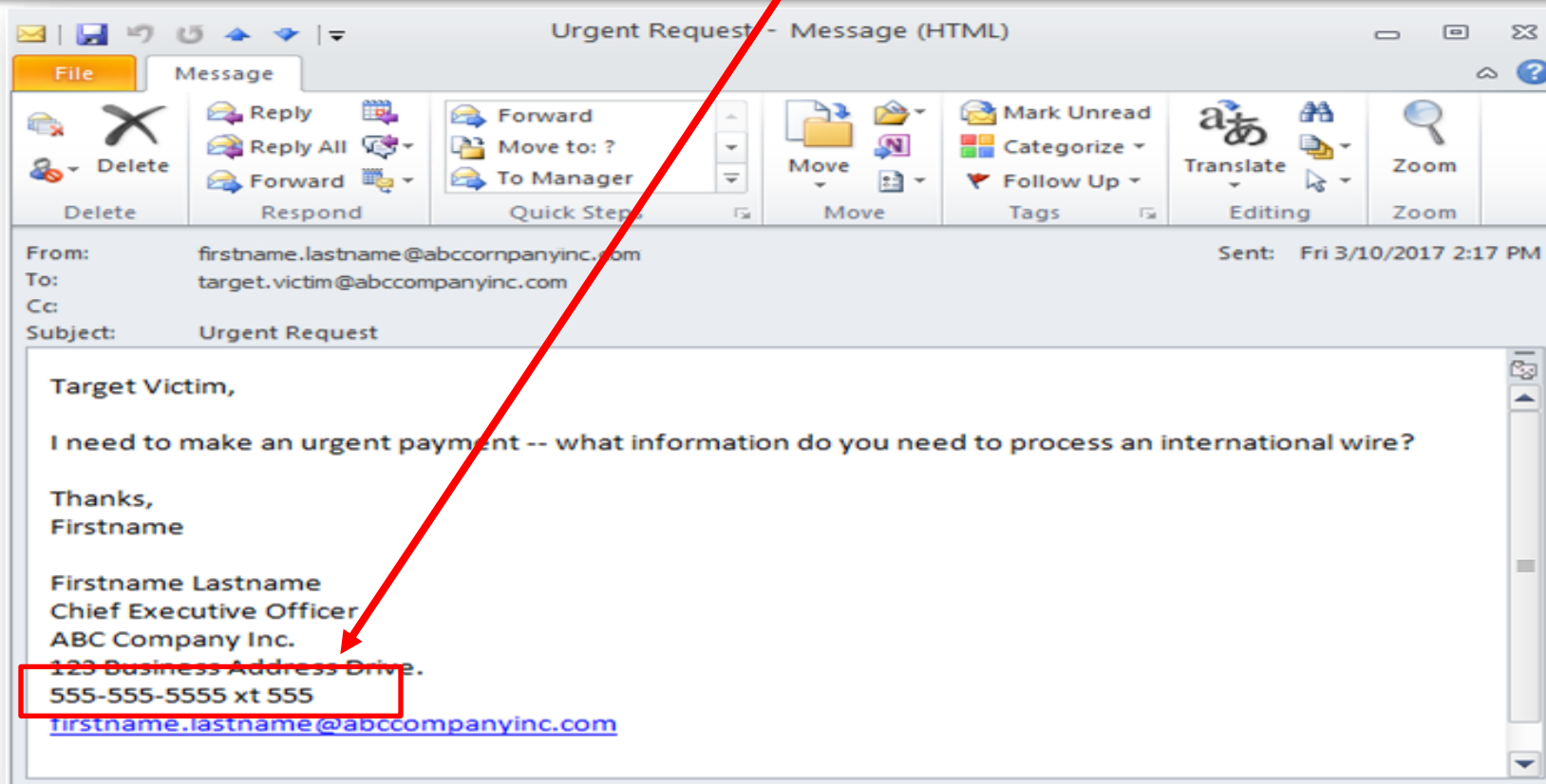
Implement a formal process for Wire Transfers and W-2 requests



Do callbacks or other out-of-bank verification to a known good contact source



NEVER call the number on the email



<< BEC Scam Video >>



BEC scams

FILTER



Business Email Compromise

Trend Micro • 6.5K views • 1 year ago

Business Email Compromise (BEC) scam
years.

<< BEC Scam Video >>



<< BEC Scam Video >>

This EXCELLENT video has been taken down (but I captured it)

BEC BestPracticesVideo

Press **Esc** to exit fullscreen



**Guardian
Analytics**

Staff Training Video

Fraud Update:

Business Email Compromise (BEC) Scam

For these videos, email Robin@SAFEChecks.com



0:00 / 10:11



Wire Fraud Court Case

Choice Escrow and Land Title

VS.

BancorpSouth Bank

Important Link

<http://courtweb.pamd.uscourts.gov/courtwebsearch/mowd/qmC2dt555T.pdf>



Choice Escrow and Land Title vs. BancorpSouth Bank

March 17, 2010: Bank received an online banking wire transfer request to **wire \$440,000** from Choice Escrow's Trust Account to the **Isle of Cypress**

Request NOT legitimate – Choice Escrow employee's computer had been hacked; taken over by fraudsters

<http://courtweb.pamd.uscourts.gov/courtwebsearch/mowd/qmC2dt555T.pdf>



Customer failed to implement Dual Control

- ✓ Bank required online banking customers sending wires to utilize “Dual Control”
- ✓ Wire transfer could only be effectuated by two individuals using separate User IDs and passwords
- ✓ Choice declined in writing, TWICE, to use Dual Control



Choice Escrow and Land Title VS. BancorpSouth Bank

- ✓ Choice Escrow's attorney contended "Dual Control" was not "commercially reasonable" because...
- ✓ Attorney: "...at times, one or both of the two individuals authorized to perform wire transfers through the [bank] system were out of the office due to various reasons."
- ✓ Court disagreed. Choice Escrow held liable for loss.



Official Comments to the Funds Transfers provisions of the UCC

“The purpose of having a security procedure deemed to be commercially reasonable is to encourage banks to institute reasonable safeguards against fraud but not to make them insurers against fraud.

“A security procedure is not commercially unreasonable simply because another procedure might have been better or because the judge deciding the question would have opted for a more stringent procedure. The standard is not whether the security procedure is the best available.”



Official Comments to the Funds Transfers provisions of the UCC

“Sometimes an informed customer refuses a security procedure that is commercially reasonable and suitable for that customer and insists on using a higher-risk procedure because it is more convenient or cheaper. In that case, under the last sentence of subsection (c), the customer has voluntarily assumed the risk of failure of the procedure and cannot shift the loss to the bank.”



Prevent Unauthorized Wire Transfers

Wiring money: Require two different computers, two different users/passwords: FIRST to initiate, SECOND to approve and release funds.

Employees initiate Wire/ACH via own computer

Release Wires/ACH only using a dedicated, banking-only computer.

Prevent Unauthorized Wire Transfers

- ✓ **VERBALLY confirm ALL bank change notifications**
- ✓ **CALL phone # in file – not # on notification**
- ✓ **Buy check fraud and cyber crime insurance**

Prevent Unauthorized Wire Transfers

To help avoid losses and shift liability for cyber and fraud losses, follow your bank's internal controls and tech recommendations.

Failure to implement your bank's recommendations may result in your organization being held liable for losses.

Your bank IS NOT RESPONSIBLE to monitor your computers or hire or educate your employees.

Mobile Banking Fraud – merging the new with the old....



Mobile Banking Deposit Fraud

Scenario: A check is mailed to Dishonest Don

- ✓ Don uses a smart phone app to deposit check
 - ✓ Takes pix of front of check
 - ✓ Endorses the back of a **different** check
 - ✓ Uploads check; pays at drawer's bank
- ✓ 3 days later, Don cashes the same check at a check cashing store, endorsed for first time
 - ✓ 2nd check hits the drawer's bank account (check is presented for payment twice)

Who Takes The Loss?

The answer is found in the Rules governing

Check 21

AND

The Uniform Commercial Code (UCC):

Holder In Due Course

Mobile Banking & Check 21

- 1. Mobile depositing is Remote Deposit Capture, part of Check 21**
- 2. Check 21 has specific rules that govern Remote Deposit Capture (mRDC)**
- 3. The Rules determine who takes the loss**

Check 21 Rules

Two Warranties:

- ✓ **Image of check is clean & legible;**
- ✓ **Check is presented for payment only one time; no double presentments.**

In 2004, the Fed did not envision mobile banking smart phone apps or desktop scanners, and yet the Rules are relevant and applicable today!



Under the § 229.56 Warranty...

Bank of First Deposit (BOFD) can charge the loss against its customer's account

Liability for the loss falls on the bank that allowed its customer to download the app

Warranty Claims

- ✓ A Breach of Warranty claim can be filed within one year from the cause of action.
- ✓ Cause of action begins to run the date the injured party first learns of the loss.
- ✓ Claims must be made within 30 days after the person has reason to know or further losses cannot be claimed.
- ✓ Comparative negligence applies.



Email: Breach of Warranty Claim

Greg Litster

From: [REDACTED].ca.us>
Sent: Wednesday, February 7, 2018 10:54 AM
To: [REDACTED]
Cc: [REDACTED] greg@safechecks.com
Subject: Re: UNRESOLVED: Check 21 Breach of Warranty Claim - City of [REDACTED]

Thank you for the update [REDACTED] I will look for the \$30.00 credit and will contact the check cashing store to let them know that reimbursement for the \$125.00 check and \$30.00 returned check charge are forthcoming.

[REDACTED]

Sent from my iPhone

On Feb 7, 2018, at 10:42 AM, [REDACTED] <[REDACTED]@bank.com> wrote:

Hi [REDACTED] and [REDACTED]

According to our back office A Breach of Warranty claim was submitted to Bank of America on January 12, 2018. The claim was honored and [REDACTED] Bank of America's recourse will be to seek reimbursement from their customer [REDACTED], and we have credited \$30 to City as well.

Thank you,
[REDACTED]

<< Mobile Banking Fraud Video >>



Greg Litster

President
SAFEChecks

<https://www.youtube.com/watch?v=WpQeTdHCAGk>



Checks & Check Fraud



Why talk about Check Fraud?





the Elephant in the room —



Check Fraud — still the King!



Association for Financial Professionals Payments Fraud Survey

50% of large organizations
(plus millions of smaller organizations)
still issue checks

AFP
ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

2019 AFP®

PAYMENTS FRAUD AND CONTROL SURVEY REPORT

Key Highlights

Underwritten by J.P.Morgan

AFP 2020

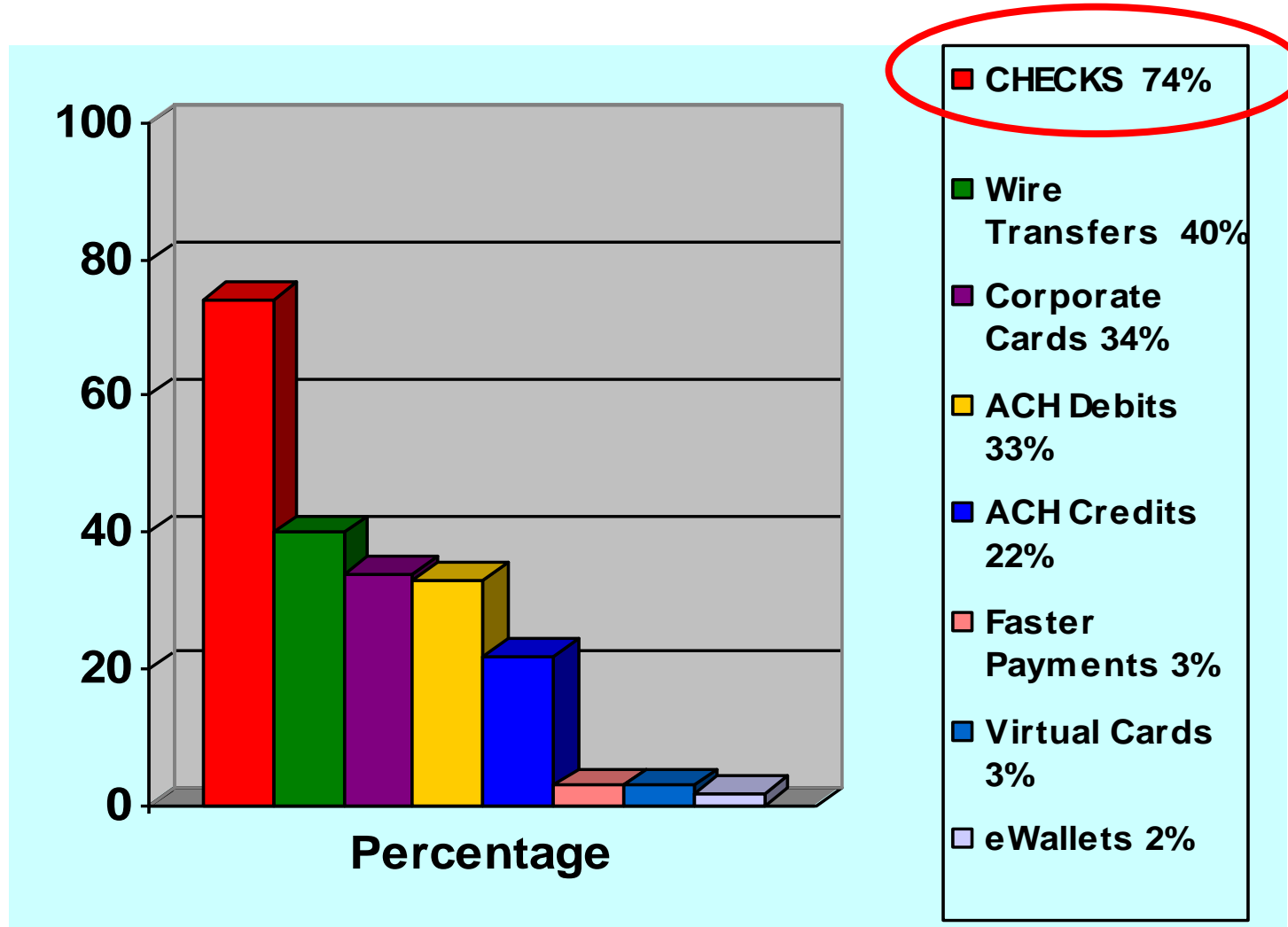


“Checks remain the most-often targeted payment method by those committing fraud attacks.”



Fraudulent Payment Attempts (by Method)

(Respondents were hit multiple ways-- total > 100%)



Quik Quiz

—

True or False?



QUIZ: True or False?

1) Placing a Stop Payment on a check ends your legal responsibility to pay the check



FALSE

Holder in Due Course trumps Stop Payments



FALSE

Print: "THIS CHECK EXPIRES AND IS VOID
25 DAYS FROM ISSUE DATE"

Banks don't care what you print
(This will prevent some HIDC claims)



FALSE

Print: "THIS CHECK EXPIRES AND IS VOID
25 DAYS FROM ISSUE DATE"

Don't reissue the check until Day 26
("90 days" or "180 days" are too long!)



QUIZ: True or False?

2) Positive Pay will catch all check fraud attempts



FALSE

Pos Pay won't catch Altered Payee Names or
counterfeit checks using the same check number



QUIZ: True or False?

3) Payee Positive Pay will catch all check fraud attempts including added payee names



FALSE

Won't catch ADDED Payee Names placed
two (2) lines above the original payee name



QUIZ: True or False?

4) If you're using Payee Positive Pay the quality of your check stock doesn't matter



FALSE

If the counterfeit checks looks "genuine" you can be held liable for the check under Holder in due course

(See Triffin v. Somerset Valley Bank and Hauser Contracting Co.)



THE FRAUD BULLETIN

VOLUME 15



ROBERT J. TRIFFIN v. SOMERSET VALLEY BANK AND HAUSER CONTRACTING CO.

You May Be Held Liable For Checks You Did Not Issue or Authorize

Hauser Contracting Co. used ADP for payroll services. A thief obtained check stock that looked identical to ADP's checks and created 80 counterfeit payroll checks totaling nearly \$25,000 that were identical to the ADP checks used by Hauser Contracting Co.

A retailer who knew Mr. Hauser became suspicious and called him. Somerset Valley Bank also called. Mr. Hauser reviewed the in-clearing checks, which looked just like his, and confirmed the checks were unauthorized and the payees were not his employees. The bank returned the checks marked as "Stolen Check - Do Not Present Again."

Robert Triffin bought 18 of these checks totalling \$8800 from four check cashing agencies, claimed HIDC status, and sued both Mr. Hauser and his bank for negligence for not safeguarding the payroll checks

and facsimile stamp. Because the counterfeit and authentic checks looked identical, the lower court ruled for Triffin. Hauser appealed, but the Federal Appellate Court upheld the lower court. The Court said the counterfeit check met the definition of a negotiable instrument, and because the check and signature were identical to an authentic check, the check cashing agency could not have known it was not authentic.

Recommendation: Use a controlled check stock, which means using checks that are uniquely designed or customized for your organization and are not available blank to others. **SAFEChecks** and the **SuperBusinessCheck** are controlled check stocks.

Superior Court of New Jersey, Appellate Division, A-163-00T5
lawlibrary.rutgers.edu/courts/appellate/a0163-00.opn.html

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ThreatAdvice

Cybersecurity Journal

NXTsoft



For information:
Steve Hines
SHines@nxtsoft.com
800.915.3381

Online:

<https://view.publitas.com/threatadvice/threatadvice-cybersecurity-journal-issue-3/page/1>

New!!

<https://www.zulualphakilo.com/press/homeequity-catch-the-scam/>

AFP 2020



QUIZ: True or False?

5) In a Check 21 world, check security features don't matter if you're using Payee Positive Pay



FALSE

Holder in Due Course trumps Payee Pos Pay



QUIZ: True or False?

6) Your payables are outsourced to a third party (your bank?) that uses Payee Positive Pay. The quality of the checks they use doesn't matter to you because if there is loss, they will take the hit.



Depends...

...on what the contract says.

If it is silent, you have liability.



QUIZ: True or False?

7) If you have a great relationship with your bank, you'll never be held liable for a check fraud loss.



HA!

Cincinnati Insurance Co. vs. Wachovia Bank



Yesterday's generation

What once was "old" is NEW



Willie Sutton

Profession: Bank Robber

(1901 - 1980)



"I rob banks because that's where the money is."



Street Gangs Venture into White-Collar Crime

By
Mi



Outlaw Gangsta Crips, Brooklyn, NY



“...**Gangs** traditionally associated with drugs and violent crimes are increasingly committing financial frauds.

Gangs are getting into crimes like check fraud and identity theft because they are more lucrative, harder to detect, and carry lighter prison sentences....”

Wall Street Journal, March 8, 2016



Strategies to Prevent

Check Fraud



Don't Write Checks!

- **Use Commercial Purchase Cards**
- **Pay electronically (ACH)**



Which is Safer?

Checks vs ACH or Wire



Which is Safer? Checks vs ACH or Wire

- Northern CA city - population < 100,000 (happened 2018)
- School bond construction money
- City received **fraudulent** change of bank notification
- Sent two **\$450,000 ACH payments** to fraudsters
- **\$900,000** – Taxpayer school bond money gone!
- If paid by check, City could file an Affidavit of Forged Endorsement – get the money back from BOFD
- Forged Endorsement is the liability of BOFD – 3 years



Which is Safer? Checks vs ACH or Wire

- Colorado School District (happened in 2019)
- IT Director at Gov Finance Officers Assoc 2019
- In 2019 – FIVE (5) incidents – **Bogus change of bank notifications**
- **\$500,000+ ACH payments** to sent fraudsters
- Taxpayer school money gone!
- IT Director – ***“No More ACH Payments!”***



Checks are Safer!

- ✓ If payment had been made by check and mailed to a PO Box controlled by fraudster, fraudster would forge endorsement and deposit the check, wire out the money in 3 days. Money is gone!!
- ✓ **UCC:** Forged Endorsement is liability of bank of first deposit (BOFD) for 3 years (except Florida & Georgia = 1 year)
- ✓ Drawer/issuer files Affidavit of Forged Endorsement; check is charged back to BOFD. Money recovered.
- ✓ BOFD takes the loss.



When you issue checks...

Use High Security Checks



Strategies to Prevent Check Fraud

- 1. High Security Checks**
- 2. Positive Pay**
- 3. Payee Positive Pay**
- 4. ACH Filters or Blocks**



Effective check fraud prevention strategies

START

with high security checks

Q: Which security features matter most?



1. Controlled check stock

Controlled check stock: Checks are not sold blank unless the face is customized for that organization, and

The account name, account number, & ship-to address has been **verified with the bank.**



Uncontrolled check stock

Checks that can be purchased entirely blank by anyone

and

The seller doesn't verify the check order info with the bank

Why important? → Because buyers can be fraudsters!



How is

Uncontrolled

Check Stock a problem?



Fraudsters Create Counterfeit Checks

Fraudsters use:

- ✓ **Adobe Illustrator**
- ✓ **Scanner**
- ✓ **ORIGINAL blank (uncontrolled) check stock to create authentic-looking counterfeit checks, including Cashiers Checks & Official Checks.**

<< Video >>

Creating Counterfeit Checks



For these videos, email Robin@SAFEChecks.com



Counterfeit Cashier's Checks

CHECK FRAUD SCAM — IT CAN HAPPEN TO ANYONE

Greenberg, Trager & Herbst, LLP v. HSBC Bank, USA 17 N.Y.3d 565 (2011)

In a landmark decision, the New York Court of Appeals upheld that the depositor of a counterfeit check is responsible for risk of loss “until the settlement becomes final. Statements concerning ‘clearing’ of a check and funds availability are irrelevant.”

A New York City law firm (Greenberg) received an email requesting legal services from a potential client in Hong Kong. As part of the transaction, the client requested that the law firm accept a check for \$197,750, deduct \$10,000 for its fee, and wire the balance to another firm in Hong Kong. (This should have been the first clue that this was a scam.) The law firm deposited the check, which appeared to be drawn on a Citibank account, into its account at HSBC Bank.

The next business day, HSBC provisionally credited the firm for \$197,750, per federal funds availability regulations. A day later, the law firm called HSBC, asking if the check had “cleared” the account. Being told that it had, the firm wired \$187,750 to the other firm in Hong Kong as instructed. The check ultimately proved to be counterfeit, and HSBC charged back \$197,750 to the Greenberg account.

Greenberg sued Citibank for “failing to discover that the check was counterfeit” and sued HSBC for “negligent misrepresentation” for stating that the check had cleared when in fact it had been returned to HSBC, re-routed to a different Citibank processing center, and then returned again as counterfeit to HSBC.

The New York Supreme Court issued summary judgment for both banks and dismissed all of Greenberg’s claims. Upon appeal, the Court of Appeals upheld the first court’s decision. Citing the Uniform Commercial Code, Citibank had no obligation to detect fraud for Greenberg because Greenberg was not Citibank’s client. Its only obligation was to pay the check, return it, or send written notice that it had been dishonored. It had returned the check within the prescribed deadline.

Both claims against HSBC were also dismissed. The bank’s contract specifically stated that clients may not pursue claims based on a bank employee’s oral representations. The Court also held that the term “a check has cleared” is ambiguous and not definitive that final settlement had occurred.

Furthermore, the Court rejected Greenberg’s argument that both banks should have had procedures in place that would have prevented the fraud. The Court ruled that the law firm itself was in the best position to prevent fraud, and had a responsibility to know its client.

This scam was a text-book-case scenario, and while it is shocking that a law firm could be taken in by such a classic scam, it should serve as a warning that anyone can be deceived. Vigilance and intelligence must be used when accepting a check. Do not accept a check for more than the amount due and then wire out the difference. Visit www.safechecks.com for additional fraud prevention tips.



Who Sells Blank, Uncontrolled Checks?

- ✓ **Virtually ALL business accounting & check writing software vendors**
- ✓ **Virtually ALL check printers:**
 - ✓ Large, national check printers
 - ✓ Small print brokers buying from wholesalers



I bought high-security checks from

XXXXX (Major National Check Printer)...

...using a **bogus name** and

...a **closed** account number!




Uncontrolled Checks

BUSINESS CHECKS & BANKING PRODUCTS | BUSINESS FORMS | BUSINESS & OFFICE SUPPLIES | PROMOTIONAL PRODUCTS

Home » Business Checks & Banking Products » Business Checks » Laser Business Checks

BLANK LASER CHECKS, TOP FORMAT

Item#: DLT831 Size: 8 1/2 x 11"



QUANTITY	500	1000	2000	2500
DLT831-1 1-Part/Original	\$78.99	\$120.99	\$207.99	\$253.99
DLT831-2 2-Parts/Duplicate	\$165.99	\$240.99	\$406.99	\$482.99
DLT831-3 3-Parts/Triplicate	\$202.99	\$338.99	\$576.99	\$660.99

We recommend this quantity.

1. Quantity

2. Part

3. Color

ADD TO CART »




Uncontrolled Checks

BUSINESS CHECKS & BANKING PRODUCTS | BUSINESS FORMS | BUSINESS & OFFICE SUPPLIES | PROMOTIONAL PRODUCTS & APPAREL

Home » Business Checks & Banking Products » Business Checks » Laser Business Checks

██████████ HIGH SECURITY LASER TOP CHECK

Item#: SSLT104 Size: 8 1/2 x 11"



QUANTITY	50	250	500	1000	2000
SSLT104-1 1-Part/Original	\$87.99	\$140.99	\$194.99	\$263.99	\$444.99
SSLT104-2 2-Parts/Duplicate	\$108.99	\$249.99	\$341.99	\$480.99	\$770.99
SSLT104-3 3-Parts/Triplicate	\$125.99	\$288.99	\$416.99	\$663.99	\$1,143.99

We recommend this quantity.

1. Quantity

2. Part

3. Add Matching Companion Envelopes
Save time and money with these perfectly matched envelopes.
See shopping cart for product details and pricing.

CUSTOMIZE NOW »



WARNING! DO NOT ACCEPT THIS CHECK UNLESS YOU CAN SEE A TRUE WATERMARK WHEN HOLDING THE CHECK TO THE LIGHT AND PINK LOCK AND KEY ICONS THAT FADE WHEN WARMED



Comerica

Comerica Bank
www.comerica.com
90-3752/1211

10244

THE [REDACTED] BANK
9018 Bond Street, # 323
Northridge, CA 91325

PAY TO THE
ORDER OF _____

\$

_____ DOLLARS

THIS ACCT WAS CLOSED IN 2013

⑆010244⑆ ⑆121137522⑆ 189 [REDACTED] 897⑆

RUB OR BREATHE ON THE PINK LOCK & KEY ICONS - COLOR WILL FADE AND RETURN ON AN AUTHENTIC CHECK - IF COLOR DOES NOT FADE DO NOT ACCEPT



BOGUS Name

LANCASTER CA 95032
SHIP

TO: ATTN: R GREGORY LITSTER
ATTN GREG LITSTER
ABAGNALE ADVISOR
8934 ETON AVE
CANOGA PARK CA 91304 - 1611



CA 914 9 - 0

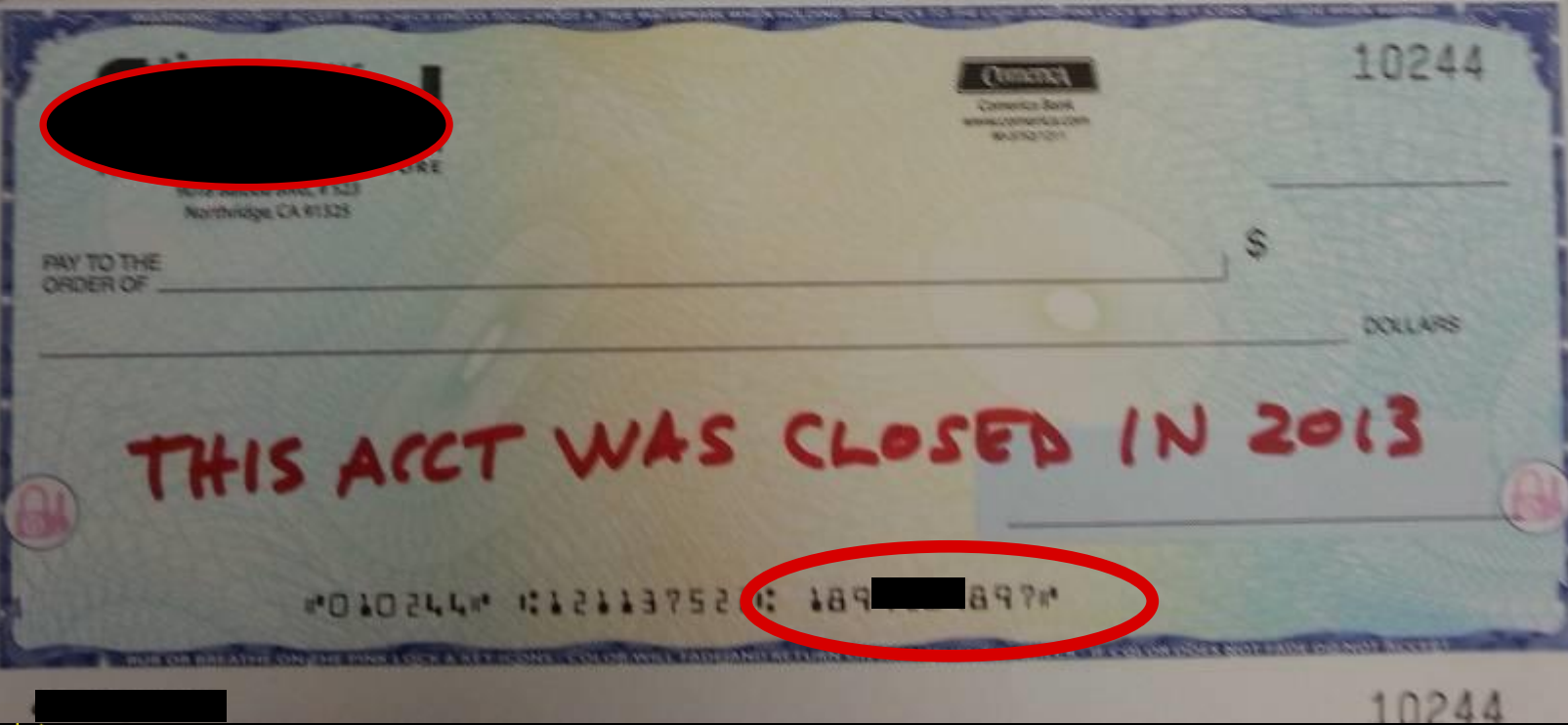


**IF SEAL IS
BROKEN**

UPS GROUND

17 000 420 02 0951 1147





AFP 2020

I added...

You Gotta Be Kidding Me! Productions, LLC cor
1075 Diplomatic Drive
Abuja, Nigeria

PAY TO THE
ORDER OF

Address of the US
Embassy in Nigeria

Bogus Name printed
on after the blank
checks were received

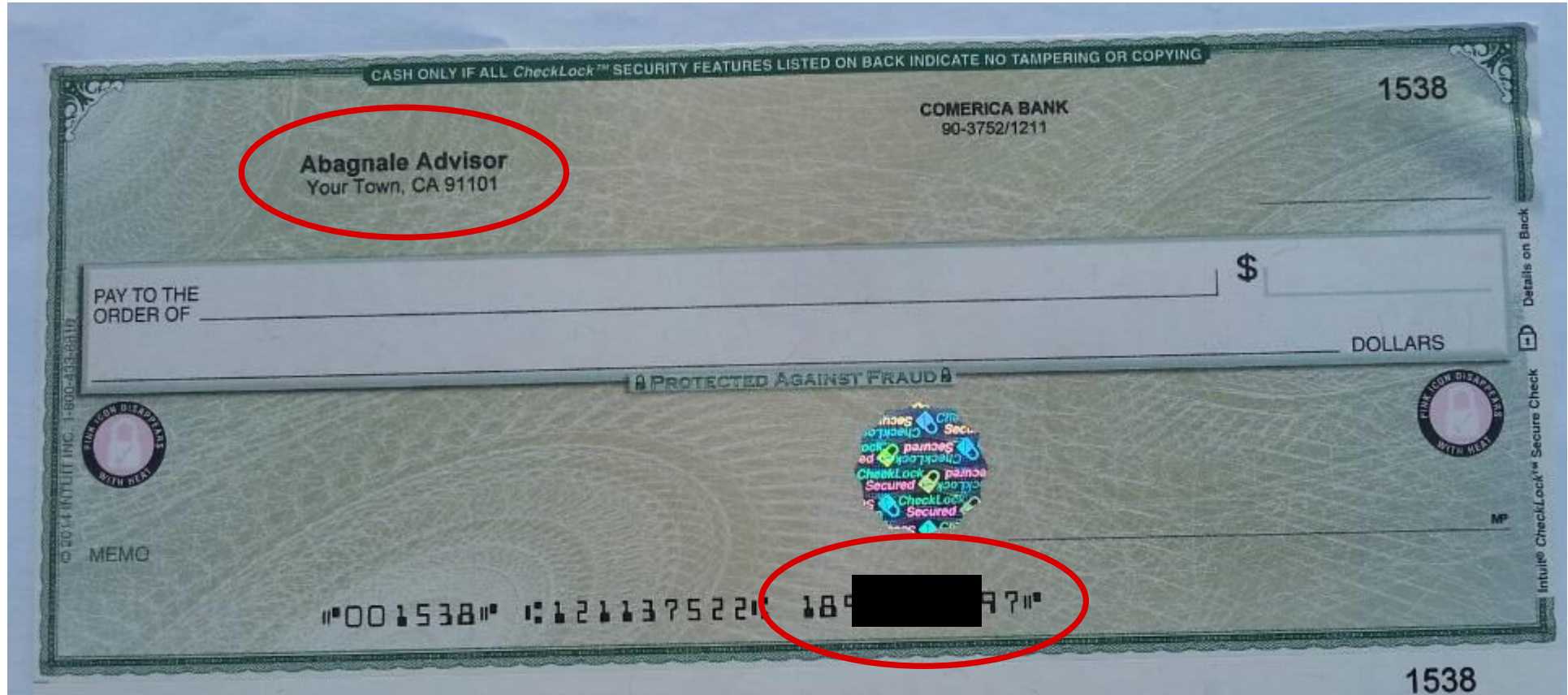
COLLECTION CIRCLE

MEMO

⑈010308⑈ 1: 1 2 1 1 3 7 5 2 2 1: 18



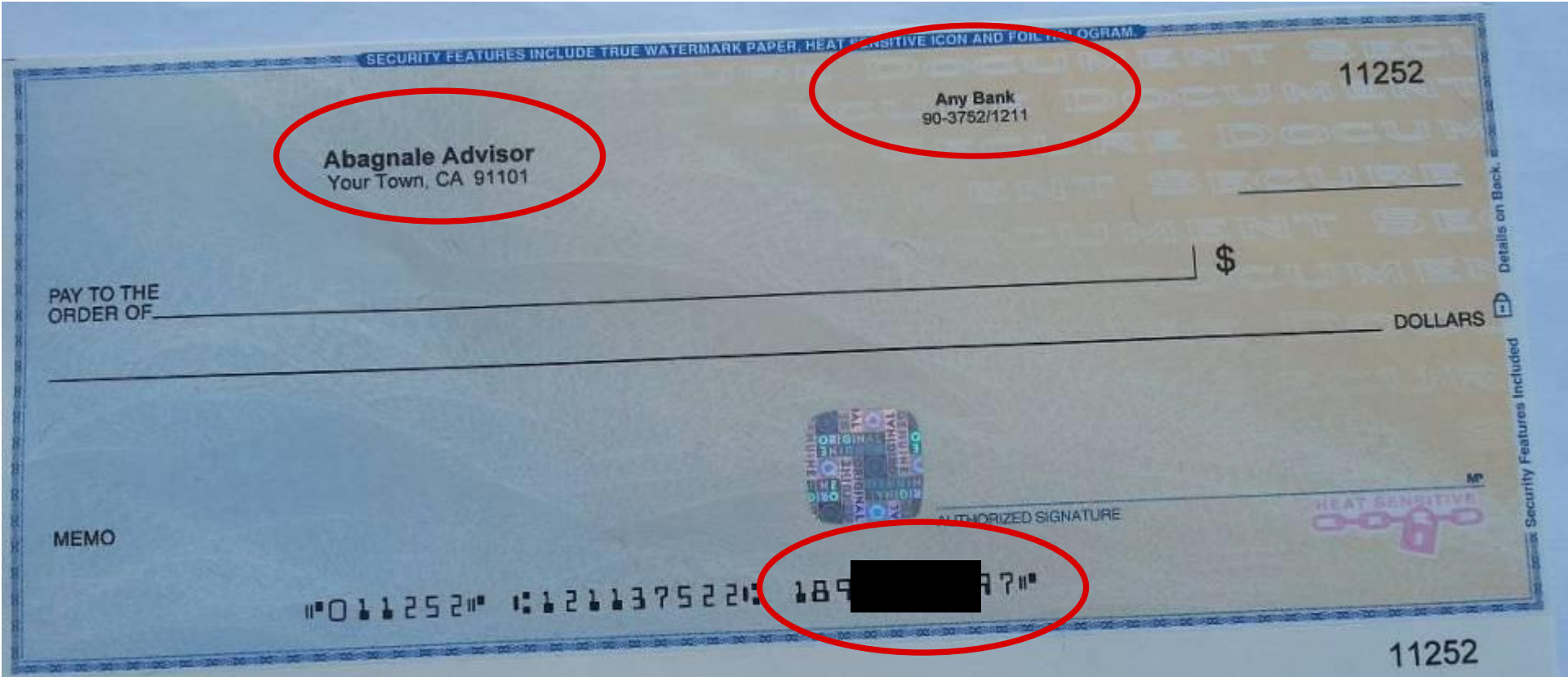
Intuit (Quickbooks)



I used the same closed account number... & **BOGUS Name**



Costco



I used the same closed account number... & BOGUS Name



10083



You've Got To Be Kidding Me! LLC

Operating Account
P.O. Box 981
Simi Valley, CA 93063-0981

PIGGY BANK
WOODLAND HILLS, CA

00 3752/1211

PAY
TO THE
ORDER OF

\$

DOLLARS

THIS CHECK IS NON-NEGOTIABLE

MEMO

AUTHORIZED SIGNATURE

⑈010083⑈ ⑆121137522⑆ 18 [REDACTED] 97⑈

Security features included. Details on back.

You've Got To Be Kidding Me! LLC

10083





You've Got To Be Kidding Me! LLC

Operating Account
P.O. Box 981
Simi Valley, CA 93063-0981

PAY
TO THE
ORDER OF

MEMO



PIGGY BANK
WOODLAND HILLS, CA
90-3752/1211

10083

\$

DOLLARS

THIS CHECK IS NON-NEGOTIABLE

Security features included. Details on back.

MP

AUTHORIZED SIGNATURE

189 [REDACTED] 711

10083



Assess Your Vulnerability

Ask your check supplier for a copy of their “order processing protocols”

Ask if the checks you buy are available totally blank, and if they are sold blank to other organizations

Why? Holder in due course → You can be held liable!



Protocol: Every new check order is verified with the bank

SAFEChecks® **SECURE ORDERING PROCEDURES**

To prevent unauthorized persons from ordering checks on your account, all new check orders are verified with your bank. We confirm that the name, address and account number on the order form match the information on file with the bank. Check orders are shipped to the address on file with the bank. Reorders with a change of address are re-confirmed with the bank.

**SAFEChecks has never had a check replicated
or used in a scam in 24 years**

ALL blank check orders are customized for that customer,
with sequenced inventory control number printed on the back.

We print their website along the edge, or logo on the face, etc.



Additional Security Features

Dual-tone True watermark

Thermochromatic ink

Correctly worded warning banners

Toner anchorage

Copy void pantograph

Chemical sensitivity

Chemical wash detection box

Inventory control numbers



Positive Pay



Positive Pay

Positive Pay is an automated check-matching service offered by many banks. Each day checks are issued a file of those checks is sent to the bank.



Positive Pay does not protect against:

1. **Counterfeit Checks** using the identical check number and dollar amount
2. **Altered** Payee Names
3. **Added** Payee Names



Payee Positive Pay



Payee Positive Pay
Will Catch Altered Payee Names



Payee Positive Pay

Will Not Catch Added Payee Names

Printed two (2) lines above the original payee name

Banks don't have a solution for checks with a bogus name
printed two (2) lines above the original payee name

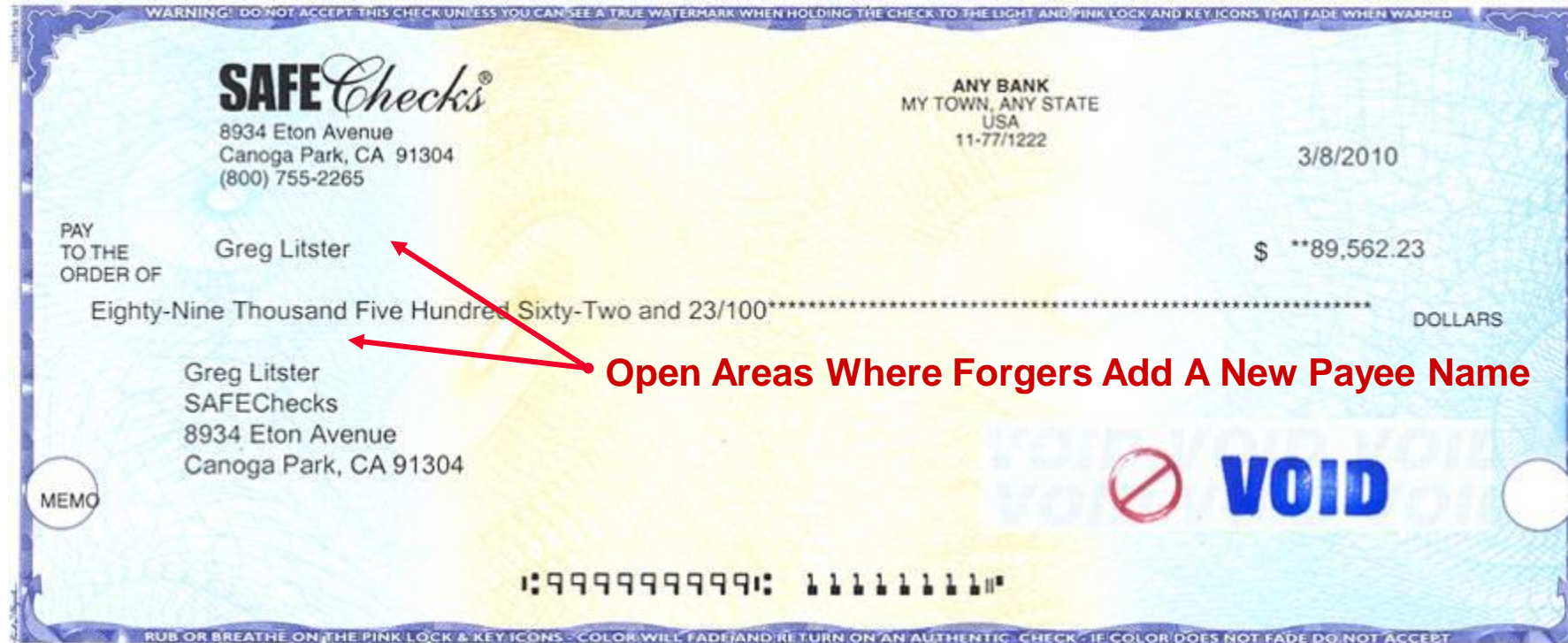


The “Solution” is a Secure Name Font

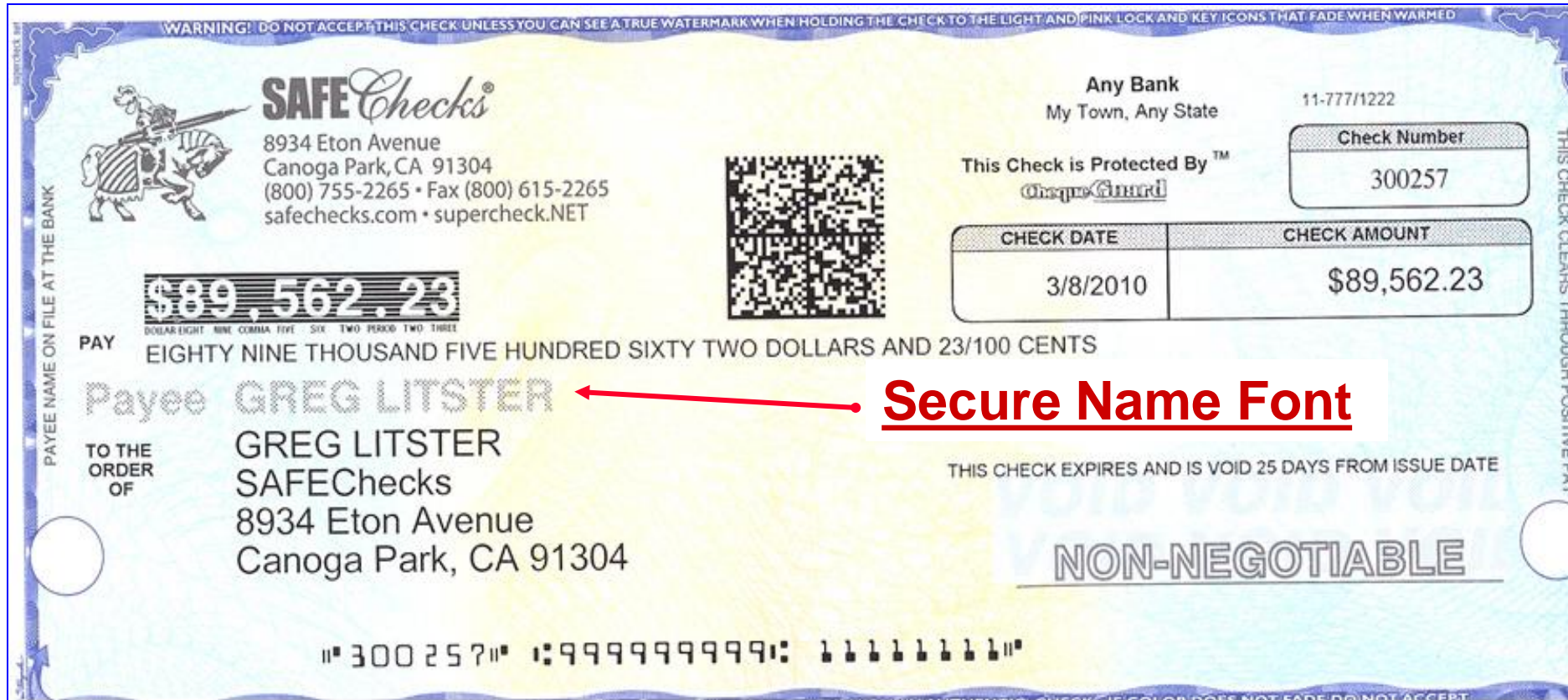
Secure Name Font



Typical Check Layout



This is the IDENTICAL check-issue data output after passing through the special software that creates the SECURE NAME FONT



Leaves No Room to Add a Bogus Payee

WARNING! DO NOT ACCEPT THIS CHECK UNLESS YOU CAN SEE A TRUE WATERMARK WHEN HOLDING THE CHECK TO THE LIGHT AND PINK LOCK AND KEY ICONS THAT FADE WHEN WARMED

SAFE Checks
8934 Eton Avenue
Canoga Park, CA 91304
(800) 755-2265 • Fax (800) 615-2265
safechecks.com • supercheck.NET

Any Bank
My Town, Any State 11-777/1222

This Check is Protected By™
ChequeGuard

CHECK DATE	CHECK AMOUNT
3/8/2010	\$89,562.23

Check Number
300257

PAY **\$89,562.23**
DOLLAR EIGHT NINE COMMA FIVE SIX TWO PERIOD TWO THREE
EIGHTY NINE THOUSAND FIVE HUNDRED SIXTY TWO DOLLARS AND 23/100 CENTS

Payee **GREG LITSTER**

TO THE ORDER OF
GREG LITSTER
SAFEChecks
8934 Eton Avenue
Canoga Park, CA 91304

THIS CHECK EXPIRES AND IS VOID 25 DAYS FROM ISSUE DATE

NON-NEGOTIABLE

⑈ 300257⑈ ⑆ 999999999⑆ 111111111⑈

THIS CHECK CLEARS THROUGH POSITIVE PAY

No room for an Added Payee





Timothy B. Noone
CTP
Executive Vice President
Citizens Business Bank
626.568.2070
626.543.4292 cell
tbnoone@cbank.com



David Sandomenico
Senior Director, Capital
Markets & Analysis
IQVIA
(973) 394-2981
(201) 323-4738 cell
dsandomenico@us.imshealth.com



Greg Litster
President
SAFEChecks
(800) 755-2265
(818) 383-5996 cell
greg@safechecks.com

