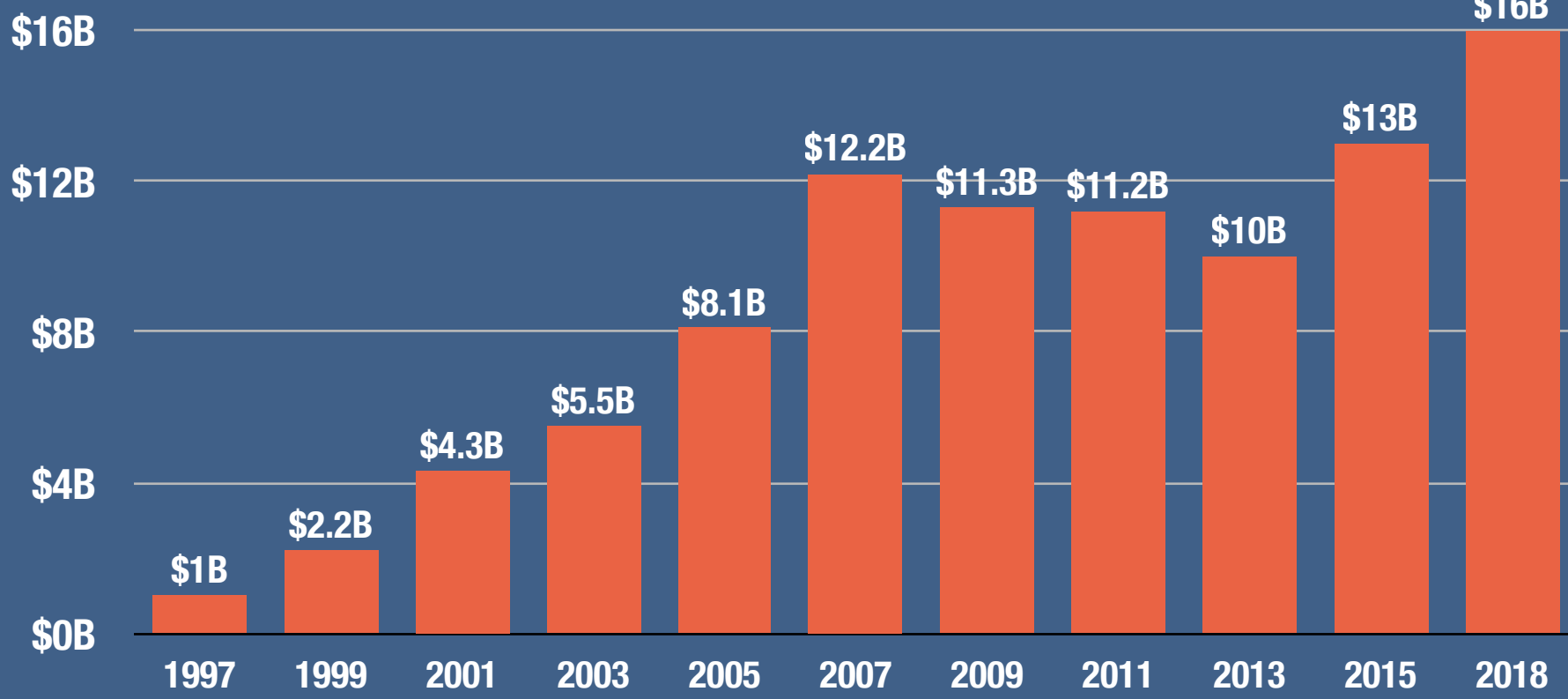


CHECK FRAUD



Checks have been around for hundreds of years and their use has been steadily declining across the world as consumers shift their spending to cards and electronic payments. As check use declines, fraud has steadily been increasing since long float times and the manual nature of check processing make it an ideal way to steal from banks and consumers.

The Rise of Check Fraud Over Time

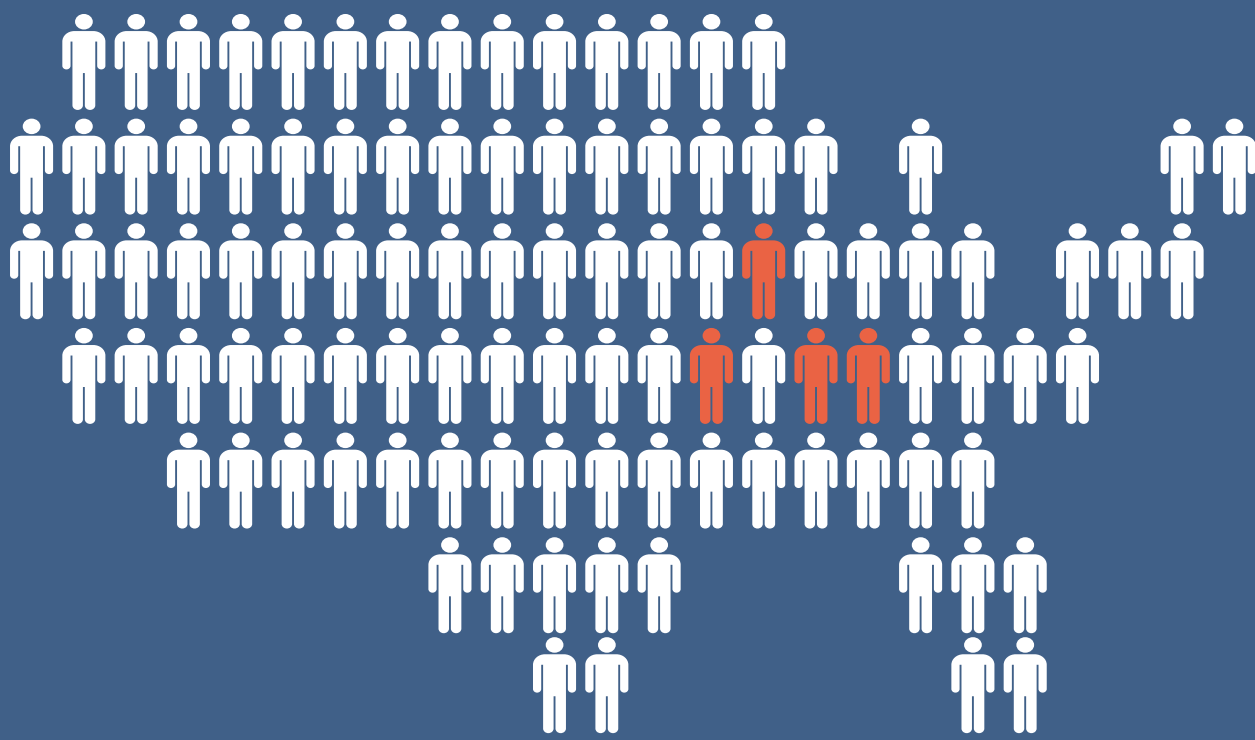


Annual Fraud Attempts

\$16B

US Only

500,000 Check Fraud Scam Victims In Us Each Year



Not All Fraud Is Reported by Banks

Each year, approximately 500,000 consumers fall victim to check fraud through scams where they receive bad checks and send money back to the scammer before the check clears. The cost to consumers is **\$1.2 Billion Dollars a year**. This is fraud, not accounted for by banks.

Check Fraud Types

Third Party Fraud



First Party Fraud



Scams



COUNTERFEIT

LOST/STOLEN

FORGED

IDENTITY

ALTERED

ABUSE

SCAMS

FORGED ENDORSEMENT

TRUE NAME ID THEFT

CHECK WASHING

SHOT GUNNING

MONEYBACK SCAM

FORGED MAKER

ACCOUNT TAKEOVER

CHECK ALTERATIONS

CHECK KITING

MONEY MULE

FORGED SIGNATURE

SPLIT DEPOSIT

PAPER HANGING

INTERNAL EMBEZZLEMENT

Fraud Definitions

Counterfeit

Illegally printing checks using information and data from a customers account.

Lost/Stolen

Customers checks are stolen and used by a 3rd party to steal from the account

Forged Endorsement

A business check is stolen and endorsed on back and presented for payment at retail location

Forged Maker

A business check is stolen and authorized signature line is forged and presented for payment

Forged Signature

A personal check is stolen and authorized signature line is forged and presented for payment

Check Washing

Chemically erasing the ink on a check and making the check payable to someone else.

Check Alterations

Erasing or adding additional characters to any portion of the check to defraud the bank

True Name Identity Theft

Opening a checking or deposit account with stolen identity and passing bad checks.

ATO

Assuming an existent customers account and passing fraud checks through the account.

ShotGunning

Simultaneously depositing a check through multiple banks or multiple channels at same bank.

Check Kiting

Depositing checks across accounts or institutions to take advantage of float on non existent funds.

Split Deposits

Presenting an bad check to a bank for deposit and receiving part of the amount back in cash

Paper Hanging

Purposely writing bad checks on closed accounts or ordering checks on closed accounts.

Internal Embezzlement

Authorized employee writing forged checks and diverting checks to their own accounts.

Money Back Scam

Customer receives bad check and sends money back to scammer before check bounces

Money Mule

Customer is promised reimbursement for passing stolen checks through their account.

