

How Stolen Checks are Fueling Check Fraud

The Growing Challenge of Check Fraud

Check Fraud Facts



Check fraud is on the rise



check deposits are hard to detect



Check fraud is resulting in big losses

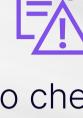


A surge in mail theft is fueling check fraud

in check fraud, costing consumers an estimated \$815 million.

In 2022, banks saw an 84% increase

increase



SARs related to check fraud nearly doubled from 350,000 SARs in 2021 to **680,000 SARs** in 2022.2

Mail Theft-Related Fraud Schemes

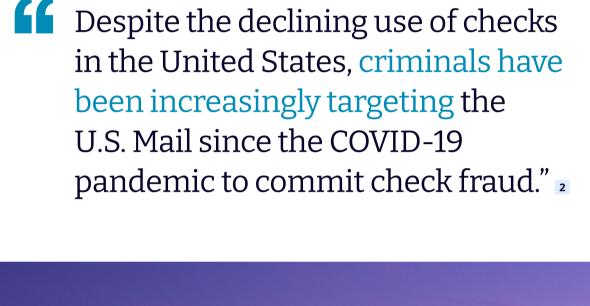
Nationwide Surge in

through mailed letters for

When mail thieves root

Mailbox Fishing:

checks they can alter and fraudulently cash.





Targeted by Criminals **Tax Refund Business** Personal

Checks



Checks

Checks

to be noticed

Government

Assistance

Checks

Business checks

valuable because:

may be more

Check Types

Business accounts are well-funded

May take longer for the fraud



Step 1: A bank customer writes a check and drops it in the mail. Step 2: Fraudsters fish it out of a mailbox or

How Fraudsters Obtain

and Use Stolen Checks

washing

steal checks to alter the check via:

Deposit Fraud Tied to Stolen Check Fraud 2

Once deposited, funds are

to further obfuscate the

money trail

via ATMs or remote deposit mules and their pre-existing rapidly withdrawn via ATMs or wired to other accounts into accounts they control, accounts to deposit

fraudulent checks

Criminals rely on money



Criminals deposit checks

used specifically for check

fraud schemes

Stolen Check Fraud



The Power of Nasdaq Verafin's Consortium Analytics in Fighting

Consortium Analytics links the A fraud alert on the deposit side triggers in-clearing check to deposit fraud a notification to the in-clearing financial risk at the depositing institution, institution that a check drawn on an



within the Nasdaq Verafin network.

complete picture of check risk.

Analyzing both the deposit side risk and

the check withdrawal risk provides a



account is likely stolen.

Sources:

2. FinCEN

- 1. United States Senate,
 - https://www.banking.senate.gov/imo/media/doc/check_fraud_aba_letter.pdf

https://www.fincen.gov/sites/default/files/shared/FinCEN%20Alert%20Mail%20Theft-Related%20Check%20Fraud%20FINAL%20508.pdf

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to learn more about **Nasdaq Verafin's Check Fraud Solution**

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