

Fraud Risk Bulletin

Exclusive, As-It-Happens Risk Updates and Insights

Beware of Fraudulent United States Treasury Check Deposits

SUMMARY

There has been a recent uptick in financial institutions becoming victim to accepting stolen or altered/fictitious U.S. Treasury checks.

DETAILS

There have been three general trends that we are currently aware of:

1. Use of legitimate but stolen Treasury checks deposited into accounts opened in the name of the original payee (consumer or business) on the Treasury check.
2. Bad actors altering (washing) Treasury checks by changing the payee's name on the check to a new payee.
3. Negotiation of counterfeited Treasury checks, where bad actors are creating their own Treasury checks and printing on purchased check paper.

In almost all cases, the Treasury checks are being deposited into relatively newly opened accounts at financial institutions, though there have been cases where existing customers have perpetrated fraudulent activity on their established accounts.

Where Treasury checks are not altered or counterfeited, bad actors are establishing accounts utilizing personally identifiable information (PII) of the payee to open accounts, going as far as registering businesses either in different states or using similarly spelled names or by using the same name with a different corporate identifier after the business name (i.e., Corporation, Company, Incorporated, or Limited).

In all cases, the criminals deposit the Treasury checks and begin withdrawing the funds almost immediately after they are made available. Many cases have involved using wire transfers, monetary instruments, and P2P transfers to begin depleting the funds before the fraud is recognized by the financial institution or the Treasury.

RISK MITIGATION

If the check is deposited to a new consumer or business account (the accountholder had not had a transaction account with your financial institution within 30 days of the first deposit to the account), you can hold the excess over \$5,525 in next-day availability checks (including the U.S. Treasury check) for up to nine business days from the banking day of deposit. You may look to utilize other exception holds afforded

by Regulation CC, such as “reason to doubt collectability.”

NOTE: There is no federal law that requires a financial institution to cash a check, even a government check. If you do accept the check, financial institutions are required to follow [Regulation CC](#) hold guidelines. Available funds do not equate to a good check. Fake checks can take weeks to be discovered and untangled.

When a U.S. Treasury check is brought to your financial institution for negotiation, review the date on the check, the date that the account was opened at your financial institution and, for business accounts, check the date of incorporation that was provided at account opening. If the account was opened or business was opened after the check was issued, this should be a red flag and further scrutiny of the check and account should ensue.

The United States Treasury does have the Treasury Check Verification System (TCVS) which does allow financial institutions to verify certain information on a treasury check against their database, however it does not have the ability to verify payees.

Pay close attention to security features that should be present on a legitimate U.S. Treasury check. For example: when a blacklight is passed over the checks, the ultraviolet (UV) printing becomes visible, and will glow. There are four lines of Financial Management Service (FMS) seal on the left, and the United States seal on the right. If the check is altered, the UV printing may be disturbed.

If you receive a check or electronic funds transfer (EFT) payment from Treasury, the Bureau of the Fiscal Service Call Center can help. The Bureau of the Fiscal Service Call Center can be reached by calling 1-855-868-0151, Option 2.

RISK MITIGATION RESOURCES

- [Treasury Check Verification System](#)
- [Video: Know Your U.S. Treasury Check](#)
- News Article: [“Woman Deposits Fake U.S. Treasury Check, Steals \\$68K”](#)
- News Article: [“Man Sentenced to 30 Months in Prison for Paycheck Protection Program Fraud Scheme and Obtaining Funds from Stolen and Altered U.S. Treasury Check”](#)
- Article: [“New FedDetect Duplicate Treasury Notifier Service Helps Find Check Fraud”](#)
- Infographic: [“U.S. Treasury Check Security Features”](#)
- Check out Allied’s [Risk Resource Library](#)

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