

SafeAlert



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Avoid Losses from Fraudulent Tax Refund Checks

It's tax time again and your bank will likely see a flurry of tax refund checks.

Remember, even government-issued tax refund checks are not always "as good as cash." Progressive has seen banks suffer large losses from accepting fraudulent tax refund checks that have been stolen, counterfeited or altered.

Train your tellers to apply the same controls on tax refund checks as any other commercial check:

- Never cash checks for non-customers, not even those issued by the government. A government-issued tax refund check may well have been stolen from a mailbox or by insiders within a postal operation.
- Always check for counterfeiting or alterations, even on government-issued checks.
- Never allow a check made payable to a commercial entity to be deposited into a personal account.
- Remember that refund checks from tax preparers are not government-issued checks.
- Apply a more stringent review to checks coming through check-cashing operations such as check-cashing stores as they are convenient vehicles through which perpetrators can generate large amounts of cash quickly and with less risk.

Be aware that the government has a one-year period to reclaim funds for fraudulent checks, allowing a long lead time for a thief to disappear with misappropriated funds.

For more information about check fraud losses, contact Judi Kovach, Bond Product Manager or Tom Hruby, Loss Control Manager, at 800-274-5222.