

Tips to Address Counterfeit Cashier's Checks



Unfortunately, banks of all sizes throughout the country are seeing far too many fraudulent counterfeit cashier's checks. Here are seven easy tips ICBA has compiled for coping with this rash of fraudulent checks.

- Review the January 2007 [OCC guidance](#) on fraudulent cashier's checks containing recommended actions banks may take to address the risks posed by these checks.
- Ensure tellers are appropriately trained on Regulation CC provisions governing cashier's checks and the importance of explaining risks to customers. Under Regulation CC, banks must generally make funds deposited by cashier's checks available within one business day (next-day availability) if:
 - 1) the funds are deposited into an account held by the payee of the check; and
 - 2) the deposit is made in-person to a bank employee.

If these conditions are not met, banks must make funds available on the second business day after deposit for local checks and on the fifth business day after deposit for non-local checks.

Banks may also use Regulation CC exception holds for deposits in excess of \$5,000 or when the collection of funds are doubtful—to further delay availability for a maximum of seven business days for local checks and 11 business days for non-local checks.

- Modify your bank's policy of giving *automatic immediate* availability for all cashier's checks. Next-day availability, the Regulation CC requirement, provides additional time for bank employees to investigate the authenticity of the deposited check. If the conditions for next-day availability are not met, banks should modify policies to ensure appropriate holds are placed.

Although banks may not invoke an exception hold for all cashier's checks, banks are allowed to question customers about the circumstances surrounding receipt of the cashier's checks to ascertain whether an exception hold is appropriate.

- Institute an incentive program rewarding employees in instances where employee actions resulted in loss avoidance for the bank and the customer.
- Keep a file of FDIC and OCC alerts for handy reference.
- Confiscate, if possible, counterfeit checks brought in by customers.
- Keep records of all counterfeit checks presented to bank, including any losses incurred by the bank or the customer.

ICBA continues to monitor this issue and welcomes any suggestions for further action. Contact [Viveca Ware](#), ICBA's director of payments policy.