



South Carolina  
Bankers Association



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## **NEW ANTI-FRAUD PROGRAM LAUNCHED IN SOUTH CAROLINA**

### ***Aim is to Protect Consumers and Financial Institutions from Fake Check Scams***

Columbia, SC – Today, the South Carolina Department of Consumer Affairs, the South Carolina Credit Union League, and the South Carolina Bankers Association are joining Consumer Federation of America in launching a new program to protect consumers and financial institutions from fake check scams. Banks and credit unions participating in this innovative effort will hand out a brochure created by CFA, “Don’t Become a Target,” to every consumer who comes in to deposit checks or money orders of \$1,000 or more or to withdraw \$1,000 or more. Twenty-two financial institutions in South Carolina are participating in the project.

“The key is to prevent consumers from being victimized by educating them about these scams at the very point where they may be at risk,” said Susan Grant, CFA’s Director of Consumer Protection, who is coordinating the program.

In fake check scams, a consumer receives a genuine-looking check or money order for something and is asked to wire money somewhere in return. For instance, the check may be described as an “advance” on millions that the consumer has won in a sweepstakes or lottery. The consumer is instructed to send money to pay the taxes and claim the rest of the prize. In another popular scenario, the consumer is recruited to work at home as a “mystery shopper” or processing payments for a company and is instructed to send money somewhere as part of the job. No matter the story, the check or money order is phony, and when it bounces, the victim owes the money back to the financial institution where it was deposited or cashed. The average loss is \$3,000 to \$4,000.

“It’s impossible to detect these counterfeits just by looking at them,” said Brandolyn Thomas Pinkston, Administrator of the South Carolina Department of Consumer Affairs. “We want consumers to understand that there is no legitimate reason why anyone who wants to give them money would ask them to send money anywhere in return. If that’s the deal, it’s a scam.”

Federal law gives consumers the right to access their funds quickly, usually within a day or two. But the consumer’s financial institution can’t tell if there is a problem with a check or money order until it goes through the system to the person or company that supposedly issued it. That can take weeks.

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“Fake check fraud is something we take very seriously in South Carolina’s banking industry,” says Lloyd I. Hendricks, President and CEO of the South Carolina Bankers Association. “It hurts everyone involved. The only way to fight these fraudsters is to educate our bank customers along with all of South Carolina’s vulnerable citizens. We are pleased to have the opportunity to partner with the South Carolina Department of Consumer Affairs and others to stop fake check scams at the source before they become costly nightmares.”

“Because of the close relationship that credit unions have with their members, they’re committed to doing whatever they can to protect them from fraud. That’s why we’re excited to be a partner in this consumer education program,” said Steve Fowler, President and CEO of the South Carolina Credit Union League. “Consumers and credit union personnel need to be able to recognize the warning signs of fraud in order to prevent it.”

CFA is providing the brochure to participating banks and credit unions at no cost (except to cover shipping expense if they are able to do so). To help the financial institutions prepare for the project, CFA gave them training materials about fake check scams and advice about handing out the brochures. In addition to the hard-copy brochure, which is English on one half and Spanish on the other, there are two electronic versions, one in English and the other in Spanish, on CFA’s Web site at [www.consumerfed.org/fakecheckscams](http://www.consumerfed.org/fakecheckscams). There visitors will also find a new PowerPoint presentation that CFA has created for consumers and other educational materials about fake check scams.

Quantities of the brochure will also be available to agencies and organizations in South Carolina that conduct consumer education in the state. CFA is not offering hard-copies of the brochure directly to consumers.

**Banks and credit unions in South Carolina that have not yet signed up to participate are welcome to do so** and should contact Susan Grant at CFA, 202-387-6121.

#### South Carolina Financial Institutions Participating in Fake Check Consumer Education Project

1 <sup>st</sup> Patriots Federal Credit Union	Palmetto Health Credit Union
Atlantic Community Bank	Palmetto Trust Federal Credit Union
Carolina Alliance Bank	PeeDee Federal Credit Union
Carolina Collegiate Federal Credit Union	Provident Community Bank
Carolina Trust Federal Credit Union	SAFE Federal Credit Union
Charleston Area Federal Credit Union	St. Francis Federal Credit Union
Dixies Federal Credit Union	South Carolina MembersFirst Federal Credit Union
Edisto Federal Credit Union	Spartan Federal Credit Union
Health Facilities Federal Credit Union	Spartanburg Regional Federal Credit Union
MCAS Beaufort Federal Credit Union	Sumter City Credit Union
Palmetto Citizens Federal Credit Union	
Palmetto First Federal Credit Union	