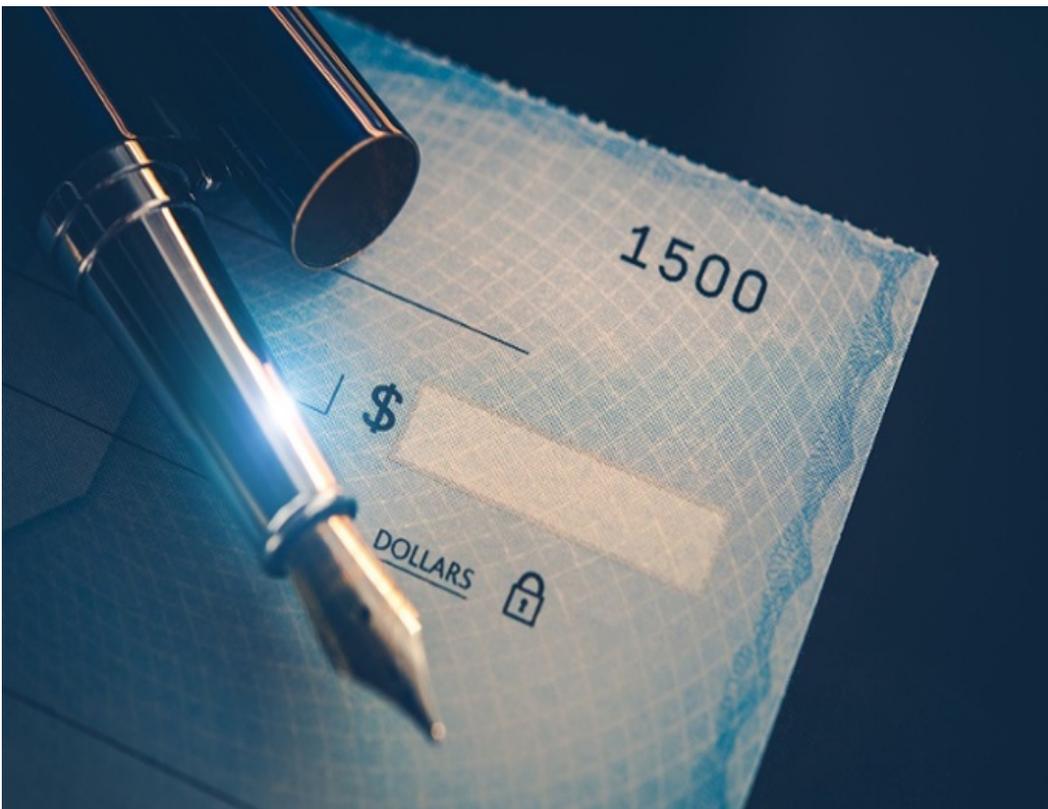


# How Check Fraudsters Tamper With Success



*In the third part of Dawn Brolin's [Fraudcast](#) with CPA Stephen King of client accounting services firm GrowthForce, they talked about check tampering, which specifically has to do with employees who steal.*

*During the Fraudcast, Steve told the story of a large landscaping company where the trusted office manager was taking checks that were sent to the landscaper, slyly endorsing them to herself and depositing the money into her personal account. The FBI was no help and the bank's liability was limited, due largely in part to dealing with billions of digital transactions on a regular basis alongside a post-9/11 change in security. The takeaway: responsibility falls on you when you get stolen from and the results are messy.*

*I had asked: “when was the last time you went to the bank and they eyed your signature?” I also questioned when they ensured the payment was made out to you?*

*As Steve pointed out, the transactions are digital and nobody is double-checking. When it comes to check tampering, I think of going to the grocery store and swiping a card or inserting a chip for a purchase.*

*When we sign for it, how many of us try to perfectly duplicate our real handwriting? I can't sign the same digitally as I do on paper. How would the teller know? The people controlling the payments are the scariest because of this freedom.*

*As we covered in the last Fraudcast, Steve's book *The CEO's Guide to Reducing Fraud* relies heavily on the ACFE Report to the Nations, a global study on occupational fraud (arguably the greatest publication I've ever read) that you can view on the Fight Against Fraud site. Familiar with the stats in the report, Steve reminded us that the average thief starts small, so nobody catches them right away. They think of the stolen money as a loan that they will pay back eventually, they make excuses and the amount ultimately grows over time.*

*The average monetary loss from check tampering is \$158,000 and it typically takes 18 months to catch the perpetrator. On page 27 in *The CEO's Guide*, Steve offers preventative measures to protect yourself from this kind of fraud.*

*During the Fraudcast, he advocated for automating the billing process online through automated services such as Bill.com. The cost to pay a bill was \$12 prior to automating and went down to \$1.66 after. Steve also reiterated the importance of separating employee duties.*

Typically, the person who writes a check should not be the person who reconciles the bank account. And, as I said before, have these honest conversations with your clients; scare them if you need to. Especially during tax season, we have the power to assist them in understanding the severity of scammers.

Finally, Steve called attention to something Frank Abagnale addressed in a webinar with Joe Woodard: Going to trial to win a fraud case is an expensive task and he suggested to send the fraudster a 1099 form. The money that has been stolen is taxable income and they can deal with you or the IRS. Other useful references for how to handle these situations, like webinars and Steve's eBook, can be found on [growthforce.com](http://growthforce.com).

*Keep a look out for upcoming Fraudcasts on the [Fight Against Fraud site](#).*

- Dawn W. Brolin

- AccountingWeb