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How Writing Paper Checks Can Expose You to Fraud and Theft

Writing out paper checks raises the chances of being the target of fraud and theft. Wall Street Journal personal-finance team's Oyin Adedoyin joins Your Money Briefing host J.R. Whalen to discuss ways to reduce those risks.

FULL TRANSCRIPT

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J.R. Whalen: Lots of people are still writing out paper checks, and that's raised the likelihood of them being the target of fraud and theft. I'm J.R. Whalen from The Wall Street Journal. And joining me is WSJ Reporter Oyin Adedoyin. So Oyin, how widespread is fraud and theft regarding the use of paper checks?

Oyin Adedoyin: Theft of checks mailed through the US Postal Service has jumped significantly over the past 18 months, specifically after 2021. So according to the Treasury Department, in 2022, banks filed 680,000 check fraud reports. That's almost double the 350,000 fraud reports filed in 2021.

J.R. Whalen: So why are people still using paper checks? Making payments online is so easy.

Oyin Adedoyin: For some people, they just prefer it. They got into the habit of sending paper checks. Specifically older folks and people who are not as tech-savvy are going to be writing those paper checks more. In other cases, certain

companies only collect paper checks as payment, especially rent companies, mortgage companies, utility services. They're going to still be asking for those paper checks.

J.R. Whalen: Who tends to be the most at risk of being a fraud victim?

Oyin Adedoyin: A consumer bank managing director at JPMorgan Chase told me that fraudsters don't discriminate. So anyone who writes checks can be at risk of this type of fraud. However, most of the people that are stealing the checks are not just doing it one time and they're not looking for a big check. They're usually looking for those incremental checks made out to smaller amounts that the victim might not even notice is missing until it's too late.

J.R. Whalen: Oh, so maybe check your bank account often?

Oyin Adedoyin: Yes, exactly. It's really important to check your bank account constantly just to make sure that you're up-to-date on what's coming in and what's coming out.

J.R. Whalen: How are the bad guys getting a hold of checks and what are they specifically doing to collect money illegally?

Oyin Adedoyin: They're stealing these checks from those big blue USPS mailing boxes that you see in neighborhoods and around schools. They're also robbing the people who deliver the mail, and usually those people will have a master key that can open a lot of those boxes, and so as soon as they get access to that key, they can get access to all of the mail that's in there. Some cases, they're also stealing apartment mailboxes as well, so they're looking in those in order to find anything that's a check that they can just take. And in these cases, they're depositing them into their own accounts or into fraudulent accounts that they've created solely for the purpose of cashing these checks.

J.R. Whalen: Now, the short answer to this question might be stop using paper checks, but let's talk about ways that financial experts say that people who do use paper checks can protect themselves from fraud. What steps can people take even before filling out a check?

Oyin Adedoyin: One of those things is knowing exactly where you're keeping your checkbooks. So a lot of people might throw their checkbooks in a drawer because they don't use them that much, and that is a big no-no, banking experts say. You should know exactly where your checks are. In some cases, leaving your checkbook out and about is almost as dangerous as leaving your social security card out. So make sure that checkbook is in a safe place and try as much as possible to limit the number of checks you write. But if that's not possible, then make sure that you're checking your bank account every day, especially around the holidays like Memorial Day and Christmas where banks are often going to be closed.

J.R. Whalen: If you do limit the number of checks that you write out to maybe rent or utilities, like you mentioned earlier, are there safe online options for making payments, say, to people that you know?

Oyin Adedoyin: Yeah. Nowadays, banks are getting really adaptable. They urge customers to consider paperless options like Zelle, which is usually available through most banks, and that's for person to person transfers. They also encourage people to use Cash App or Venmo. Any of those apps that they're the most comfortable with are usually safer than mailing out a paper check. They also encourage folks to make sure that they're writing checks out to people that they know as opposed to writing a check to a stranger.

J.R. Whalen: What other online options could people consider?

Oyin Adedoyin: Those who work in banks recommend that people use credit cards because in those cases it's a lot easier to get that money back and dispute that charge if there is a fraudulent charge that's been made on a credit card.

J.R. Whalen: So back to checks for a moment. We often hear about fraudsters washing checks. What does that mean?

Oyin Adedoyin: Washing checks is a type of way that fraudsters can get rid of all of the information that's been written on the check. They usually will dip it into a chemical, like a nail polish remover, that wipes away all that ink so that they can then rewrite the amount, who the recipient of the check is to, and all that type of information.

J.R. Whalen: Oyin, this sounds like something out of a bank heist movie.

Oyin Adedoyin: Yeah, it feels that way, but people are doing it. They're also doing something called check baking, and that's a little bit more in this era where they are kind of taking photos of signatures of checks and they're then photoshopping them onto a check that looks pretty realistic. And so if they have your bank account routing number and account number, they can easily just Photoshop and create a whole new check.

J.R. Whalen: So the type of ink you use on a check could be important.

Oyin Adedoyin: Yeah. People that work at check manufacturing companies and people who study check fraud recommend using a gel pen or some kind of permanent pen and writing in blue or black ink, which is a little bit harder to wash out.

J.R. Whalen: What can people write on a check to reduce the chances of fraud?

Oyin Adedoyin: Experts recommend that people fill the check out all the way. So don't leave any spaces in your check where someone could write something that you didn't write or something that you didn't intend to have sent. They also really recommend that people complete the memo line where it says this check is payable for, and never put the word cash in that box. Put any other word, any other descriptor, but cash. And when you are writing out a check for a specific amount, make sure that the dollar amount that you write matches the written amount that you write out as well. So you really want to take your time when writing these checks. Many people write checks when they're rushing, and banking experts really recommend not to do that.

J.R. Whalen: But you can take all these precautionary measures and then you can enter a whole new level of risk once you pop the check in the mail, right?

Oyin Adedoyin: Yeah. Banking experts say that you really don't want to have too many people touching your check. If possible, walk directly to the post office and hand it to someone who works there to make sure that it's in the right hands, and even better, hand it directly to the recipient. If you're writing out a check for someone's graduation, give it to them in person.

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