WHO COMMITS CHECK FRAUD

The simplest way to assess who commits check fraud is by determining if the party was authorized or unauthorized.

WHO initiated the activity?

Authorized Party

An individual or entity **with** the right to initiate the payment – e.g., the account holder.

AUTHORIZED PARTIES may commit fraud by...

- **Withdrawing uncollected funds from a fraudulent check deposit**
- **Depositing a check with a forged endorsement**

- **Altering a check to add their name as the payee**
- **Becoming an unwitting, willfully blind or complicit money mule**

Unauthorized Party

An individual or entity **without** the right to initiate the payment – e.g., someone other than the account holder.

UNAUTHORIZED PARTIES may commit fraud by...

- **Using someone else's checks without the person's authorization**
- **Forging the maker's signature**

- **Using stolen identities to cash fraudulent checks**
- **Impersonating authorized parties to cash, deposit or request cashier's checks**

*Note: Fraud types listed here are examples only and do not represent an all-inclusive list.

The check fraud mitigation toolkit was developed by the Federal Reserve to help educate the industry about check fraud and outline potential ways to help detect and mitigate this fraud type. Insights for this toolkit were provided through interviews with industry experts, publicly available research, and team member expertise. This toolkit is not intended to result in any regulatory or reporting requirements, imply any liabilities for fraud loss, or confer any legal status, legal definitions, or legal rights or responsibilities. While use of this toolkit throughout the industry is encouraged, utilization of the toolkit is voluntary at the discretion of each individual entity. Absent written consent, this toolkit may not be used in a manner that suggests the Federal Reserve endorses a third-party product or service.