



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

SPECIAL ALERT

FIL-89-2000
December 20, 2000

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Fictitious Checks and Other Fraudulent Instruments*

The Federal Deposit Insurance Corporation (FDIC) is alerting banks to several schemes involving fictitious checks and other fraudulent instruments that appear to be occurring nationwide.

One scheme involves fictitious cashier's checks drawn on an entity named "First Federal Bank of Texas," 1600 Smith Street, Houston, Texas 77002. "First Federal Bank of Texas" does not exist. In many reported cases, a telephone number printed on the fictitious check appears to be part of the scheme. Often, the number is a cellular phone number that belongs to the perpetrator(s). When the number is called, one of two scenarios typically follows. In the first, someone answers by giving the "bank" name printed on the check, and indicates the check is authentic and the payee is known to the "bank." In the second scenario, the caller receives a recorded message indicating that all customer service representatives are busy. A copy of one of the fictitious checks is attached for your information. According to the U.S. Secret Service, this is a common scheme carried out by certain ethnic gangs to negotiate worthless checks.

Another scheme brought to our attention involves the use of fraudulent instruments in connection with attempted financial transactions. The apparent fraud involves fictitious "Federal Notes" or "Bonds." They are crude forgeries that were likely made by inserting images of \$100 bills (Ben Franklin), \$1,000 bills (Grover Cleveland) and even \$1 bills (George Washington) into a computer program. The amounts have been altered to read \$100 million and \$500 million, with coupons printed both in English and Chinese script. The U.S. Department of the Treasury did not issue securities (bonds) in \$100 million or \$500 million denominations during the period these "notes" were allegedly issued. A copy is attached for your information. Additional information on fraudulent Treasury obligations may be found on the Bureau of Public Debt's Web site at <http://www.publicdebt.treas.gov/cc/ccphony3.htm#federal>.

The FDIC encourages banks to be aware of these and other schemes since they can adversely affect bank customers. Elderly customers are particularly vulnerable to such schemes, and alert bank personnel could help these customers avert losses. If someone has attempted to victimize a bank with one of these schemes, the bank must file a Suspicious Activity Report (SAR). If a bank becomes aware that a bank customer is a potential victim of one of these schemes, the customer should be advised to immediately contact the nearest office of the U.S. Secret Service or the Federal Bureau of Investigation.

Information concerning these schemes or other apparent fraudulent activity may be forwarded to the FDIC's Special Activities Section, 550 17th Street, NW, Room F-6012, Washington, DC 20429. For your reference, all FDIC Financial Institution Letters published since January of 1995 may be found on the FDIC's Web site at www.fdic.gov under "News, Events & FOIA."

Michael J. Zamorski
Acting Director

Attachments: (Not available electronically)

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).