

RISK Alert

ACTIONABLE INSIGHTS FOR BOND POLICYHOLDERS.



Alert Type

Awareness

Watch

Warning

Mail Theft Uptick Leads to Check Fraud

Mail theft and armed robberies against U.S. Postal Service carriers have increased substantially throughout the country. The criminal's focus is to gain access to the master keys of the blue USPS mailboxes – ultimately in search for checks that can be altered, counterfeited, or sold online.

Details

According to the U.S. Postal Service Office of Inspector General, mail theft complaints more than doubled from March 2020 to February 2021. The criminals rob mailboxes and mail carriers of the master keys to the blue mailbox drops to gain access to the mail. The criminals then sift through to locate checks that can be altered, counterfeited, or sold online.

In several cases, member-issued checks have been stolen from USPS mailboxes, as well as members' mailboxes, altered, and negotiated elsewhere. The checks can also be used to open fraudulent new accounts and loans using the name and address information for stolen identities.

Risk Mitigation

Credit unions have recourse against the depository institutions that accept altered checks under [UCC 4-208](#), Presentment Warranties. Credit unions can recover the loss by pursuing a breach of presentment warranty claim against the depository institutions that accepted the altered checks. Refer to [Liability for Forged Endorsements and Alterations Under the UCC](#) for guidance and a sample letter to use to pursue a breach of presentment warranty claim against depository institutions.

Encourage members to:

- Pay bills online or using the credit union's bill paying service.
- Mail checks inside the Post Office lobby rather than using blue mailboxes.
- Log into credit union accounts frequently to review transaction history – looking for unfamiliar transactions.
- Report unfamiliar and unauthorized transactions immediately to the credit union.

Risk Prevention Resources

Access CUNA Mutual Group's [Protection Resource Center](#) for exclusive risk and compliance resources and RISK Alerts to assist with your loss control needs (User ID and Password required).

- [Check Collection & Return Guidelines](#)
- [Liability for Forged Endorsements and Alterations Under the UCC](#)
- [Employee's Guide to New Account Fraud Red Flags](#)

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Risk Category: Check Fraud; Deposit Account Fraud; Scams

States: All

Share with:

- Executive Management
- Legal / Compliance
- Loan Staff
- Member Services / New Accounts
- Risk Manager



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