# *10 Tips on How to Avoid Check Fraud*

Fraudulent checks are professionally produced and can appear to be as legitimate as any other check. As a retailer offering check cashing services, you want your employees to be able to identify these bad checks to prevent losses from fraud. Approximately $2.3 billion in counterfeit checks were intercepted in 2007, according to the Department of Justice. So here are ten tips to help you make sure the check is legitimate:

1. Review entire check for correct spelling and punctuation.
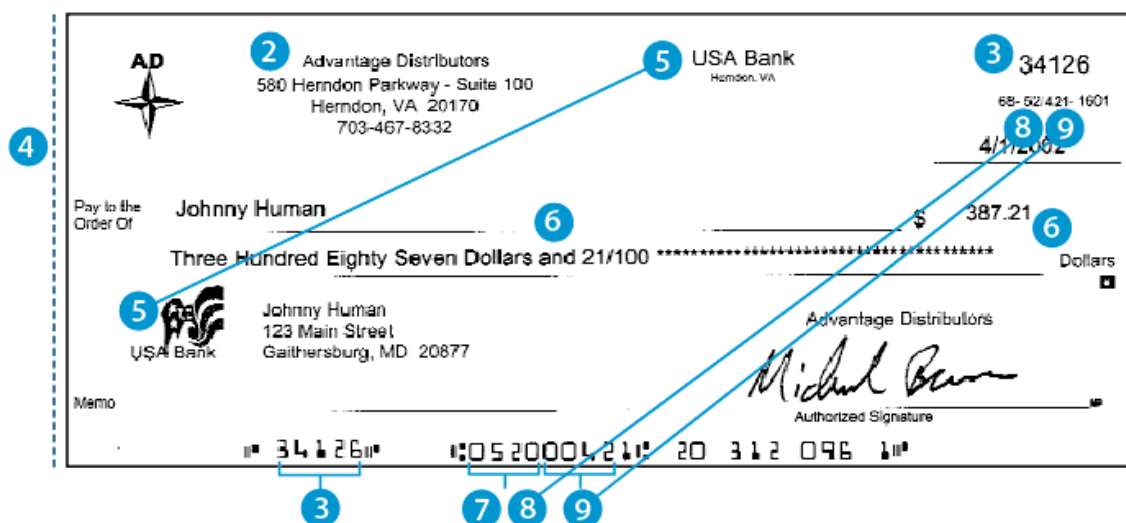
2. Account holder's information should be professionally preprinted in upper left hand corner.
3. Check numbers should be higher than 300, since many fake or bad checks are lower numbers. Check number in the top right should match the check number indicated in the MICR field along the bottom. Generally, the check number is the first set of digits in the MICR line in a business check, or the last set in a personal check.
4. Checks should be perforated on one or more sides, rather than four smooth sides.
5. Bank logo should appear on front of check along with correct spelling of bank name and address.
6. Numeric amount of check should match the written amount.
7. Routing numbers are assigned by the Federal Reserve District, and the first two digits represent District Codes. The District Codes for the originating bank's location and the Federal Reserve's geographic area should match in the routing number. In the example above, the District Code is 05, which includes the bank's location in Virginia, so this is a match. (See the Federal Reserve table below for a complete list of Federal Reserve Districts.)
8. The first through fourth numbers in the routing number correspond to the numerator of the fraction generally located below the check number. Leading zeros are dropped. In the example below, 0520 is converted to 520.

9. The fifth through eighth numbers in the routing number correspond to the denominator of the fraction indicated above. Again, leading zeros are dropped. In this example, 0042 is converted to 42.
10. Turn the check over, and look for a description of check's security features (e.g. watermark or transparencies).

Federal Reserve District Codes

Federal Reserve Districts	First 2 Digits in MICR	Areas Served
01	01 or 21	Connecticut (excluding Fairfield County); Maine; Massachusetts; New Hampshire; Rhode Island; Vermont
02	02 or 22	Connecticut (Fairfield County); New Jersey (12 northern counties); New York
03	03 or 23	Delaware; New Jersey (southern); Pennsylvania (eastern)
04	04 or 24	Kentucky (eastern); Ohio; Pennsylvania (western); West Virginia (northern panhandle)
05	05 or 25	North Carolina; Maryland; South Carolina; Virginia; West Virginia (most); District of Columbia
06	06 or 26	Alabama; Florida; Georgia; Louisiana (southern); Mississippi (southern); Tennessee (eastern)
07	07 or 27	Illinois (northern); Indiana (most of); Iowa; Michigan (most of); Wisconsin (southern)
08	08 or 28	Arkansas; Illinois (parts of); Indiana (parts of); Kentucky (parts of); Mississippi (parts of); Missouri (parts of); Tennessee (western)
09	09 or 29	Michigan (northern peninsula); Minnesota; Montana; North Dakota; South Dakota; Wisconsin (northwestern)
10	10 or 30	Colorado; Kansas; Missouri (western); Nebraska; New Mexico (northern); Oklahoma; Wyoming
11	11 or 31	Louisiana (northern); New Mexico (southern); Texas
12	12 or 32	Alaska; Arizona; California; Hawaii; Idaho; Nevada; Oregon; Utah; Washington