



MONEY MATTERS



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When is a Check “Good”? What Every Bank Customer Should Know

With the increased use of the Internet and e-mail, there are a growing number of ways in which good bank customers can be scammed. These scams vary in size from a few hundred dollars to hundreds of thousands of dollars stolen from a single customer. There are many stories used in these scams, but all the scams have two things in common.

First, the scams convince the bank customers that the stranger is “trusting” the victim with his funds. The crook wants the victim to be in a position to “prove” he can be trusted. Second, a check of some sort is sent to be deposited to the victim’s account. The check names the good bank customer as the payee. When the victim is a longtime, well-known customer of the bank, it is not likely that the bank will refuse to accept the deposit of the check. The check may be drawn on an account of a large, well-known company; or it may appear to be a U.S. government check; or it may appear to be a cashier’s check. However, in every case, the check is not valid. It may be a completely fictitious check drawn on a nonexistent entity at a nonexistent bank or it may be a fictitiously created check drawn on an actual company’s account.

How does the crook get the money?

The crook convinces the victim to send part of the check proceeds to an accomplice as soon as the bank will allow the customer to withdraw the funds. The reason given for sending the money varies. It could be that you are a winner of a “Lottery” or a “Drawing”. Funds may need to be paid to release additional funds. Funds may need to be paid for alleged taxes, licenses, fees or attorney fees for the deal. The amount of the check may be more than what was owed so a portion of the funds need to be returned. The customer may be told that a foreign company needs an agent to cash a check in the U.S. and then wire the funds. The stories are sometimes very believable.



How long before I know the check is good?

It is almost impossible to tell when you have waited long enough. ***It is possible to be liable for the check for several years.*** Just because an account is credited and the bank releases any holds on the funds does not mean that the check is good. It is possible under normal circumstances for a check drawn on another U.S. bank to be returned for a forged maker’s signature two weeks after the deposit is made. However, waiting weeks or even months is not always safe. If a check is returned to the depository bank, the depository customer will be liable for the check.

How can I verify that a check is “good”?

It is almost impossible to verify if a check is “good”. It is often possible, however, to verify that the check is definitely invalid. If the check is drawn on a phony account or is a phony cashier’s check, contacting the bank may help determine that it is worthless. However, if you contact the bank, they cannot tell you whether or not the check was stolen from the mail and altered. Even if you do all the verification possible, there is still a possibility that the check could be returned years later, and you will be stuck.

Too Good to be True?

Most of these scams fall into the “too good to be true” category. If it seems too good to be true, IT IS! Whenever you negotiate a check, you have the potential for long-term liability. If you are being asked to cash a check for a stranger and send someone part of the money, you are being scammed.

The Bottom Line

When a check is cashed, your bank often allows the funds to be withdrawn within a few days. However, if the check is not valid, the depositor can be liable for the check for a very long period of time. You need to be skeptical of any check received from a stranger. If you are asked to deposit a check and send some of the funds to others, simply refuse. It could save you from a long-term financial mess.

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South Dakota State Quarter Released

The fifth and final commemorative quarter-dollar coin released in 2006 honors South Dakota, the "Mount Rushmore State," and is the 40th coin in the United States Mint's 50 State Quarters Program. Admitted into the Union on November 2, 1889, South Dakota became the Nation's 40th state.

The South Dakota quarter features an image of the State bird, a Chinese ring-necked pheasant, in flight above a depiction of the Mount Rushmore National Monument, featuring the faces of four American Presidents: George Washington, Thomas Jefferson, Theodore Roosevelt and Abraham Lincoln. The design is bordered by heads of wheat. The coin's design also bears the inscriptions "South Dakota" and "1889."



accepting ideas from the citizens of South Dakota via telephone, letters and e-mail. The final artistic renderings, developed by the sculptor-engravers of the United States Mint and artists in the United States Mint's Artistic Infusion Program, were returned to South Dakota, and a statewide vote was conducted. On April 27, 2005, South Dakota Governor M. Michael Rounds announced his recommendation of the "Mount Rushmore and Pheasant" design, echoing the choice of those who participated in the statewide vote. The Department of the Treasury approved the design on May 28, 2005.

We have a limited supply available, so if you would like to buy some South Dakota State Quarters, please see one of our Tellers at either location.

From the President

As you noticed, the front side of our newsletter is solely devoted to Check Scams.

In the past, a majority of check scams were mainly taking place in larger cities. The crooks have now figured out that the check scams work almost as well in small towns, partly because we are so trusting.

As a bank, we have always attempted to keep you informed of scams. The scams are becoming more savvy and difficult to keep track of. Please remember, if something sounds "too good to be true" then it probably is.

Teller Tidbits

- South Dakota, the 5th state quarter of 2006 is now available from the tellers.
- Get your 2007 calendars from one of our tellers.

From all of us at Farmers State Bank we would like to wish you a Merry Christmas!!

HOLIDAY HOURS

Monday, December 25, **CLOSED**

Friday, December 29, 8:30-4:00*

**(Last business day of 2006)*

Saturday, December 30, 8:30-12:00*

**(Dec 30th business will be for 2007)*

Monday, January 1, 2007 **CLOSED**

Internet Banking

We have added a new feature that will help Internet Banking customers transfer money between their accounts here at Farmers State Bank. This new feature is called **Scheduled Transfers**.

After customers log into Internet Banking, they may click on the Schedule Transfer icon. Once they have clicked the icon, a Scheduled Transfers Summary screen will appear. To add a transfer, that will take place at a later date, simply fill in the information screen that follows.

If you have any questions, please let us know.