

NORTH CAROLINA  
DEPARTMENT OF STATE TREASURER



*Dale R. Folwell, CPA*  
STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA

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FINANCIAL OPERATIONS DIVISION

# Check Washing:

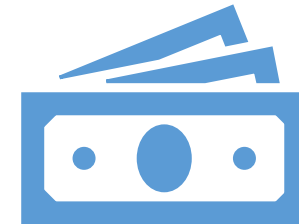
*And other filthy schemes to take  
your money*



# DST Banking – At A Glance



All revenues collected by a State entity on behalf of the State must be deposited with the State Treasurer. Banking Operations maintains correspondent depository relationships with various North Carolina banks and savings institutions in order for State entities to have a convenient location to make their deposits.



State entities disburse funds from their accounts maintained with the State Treasurer either electronically or by the issuance of warrants or checks.

# By The Numbers

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5 Team Members

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2.7 Million Warrants

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\$23.8 Billion

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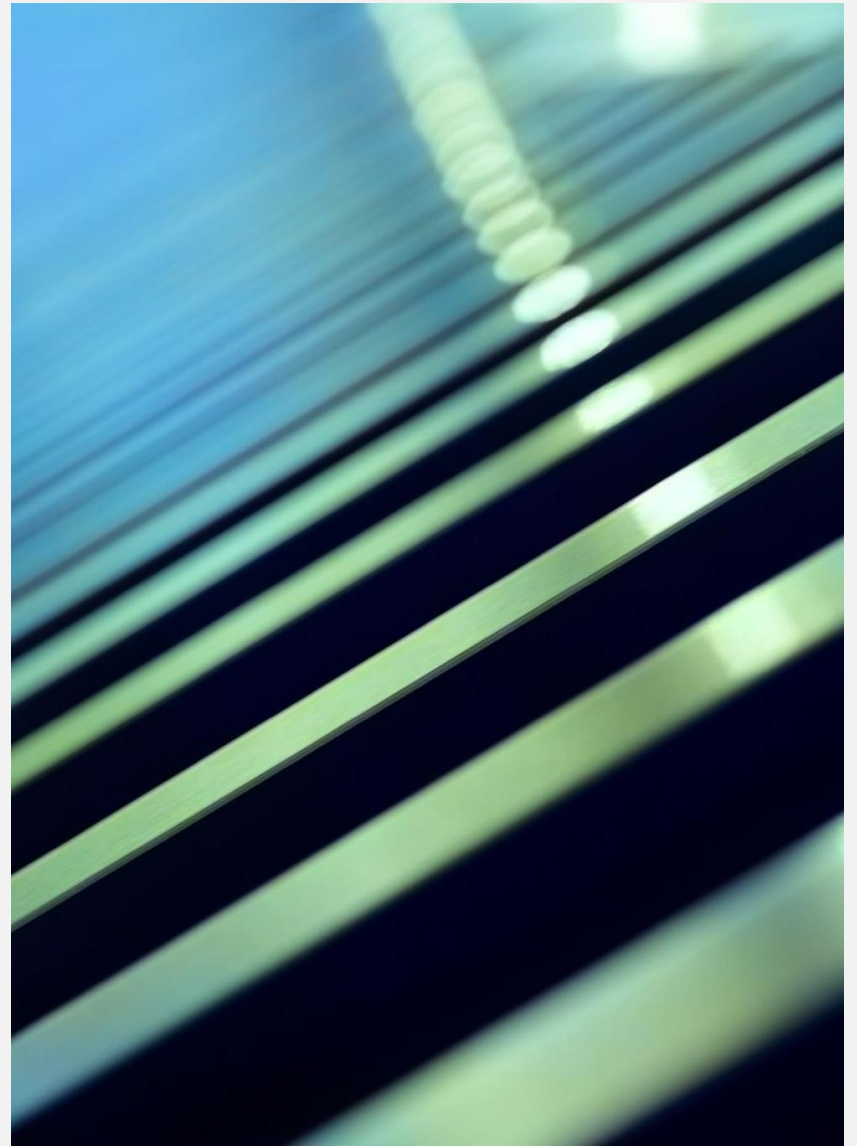
12 New Fraud Cases

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89 Counterfeit Warrants

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\$170,000



# Polling Question



# What is Check Washing?

- The process of erasing details from checks to allow them to be rewritten
- Most commonly erased details are the payee and the amount
- Altered Check



# Altered/Washed Check

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

STATE OF NORTH CAROLINA

05-1059  
531

000003361  
Date: 12/28/23

PAYABLE AT PAR THROUGH FEDERAL  
RESERVE SYSTEM  
STATE TREASURER, RALEIGH, NC  
Void After One Year

SECURITY FEATURES INC. LOCKED DISCLOSE ON BACK

PAY FOUR THOUSAND FOUR HUNDRED FORTY-EIGHT AND 05/100

\$4,448.05

TO THE ORDER OF

ELIJAH N FERNANDEZ  
10741 SUNSTONE ST  
EL PASO, TX 79924

ORIGINAL DOCUMENT SECURITY SCREEN ON BACK WITH PADLOCK SECURITY ICON


*Laketha M. Miller* AUTHORIZED SIGNATURE

MP

000003361 053110594



# Altered/Washed Check

	STATE OF NORTH CAROLINA	06-1059 531	000003139
	[REDACTED]		Date: 06/03/24
	PAY	ONE HUNDRED FIFTY-EIGHT THOUSAND SIX HUNDRED SIXTY-EIGHT AND 77/100	\$158,668.77
	TO THE ORDER OF	YOLANDA CHERRY 539 COLONNADE DR APT B CHARLOTTE, NC 28205	
		<i>Laketha M. Miller</i>	AUTHORIZED SIGNATURE
	⑈000003139⑈ ⑆053110594⑆ [REDACTED]		

# Counterfeit Checks

A fake check that looks like a legitimate check that is used to trick people in negotiating it.

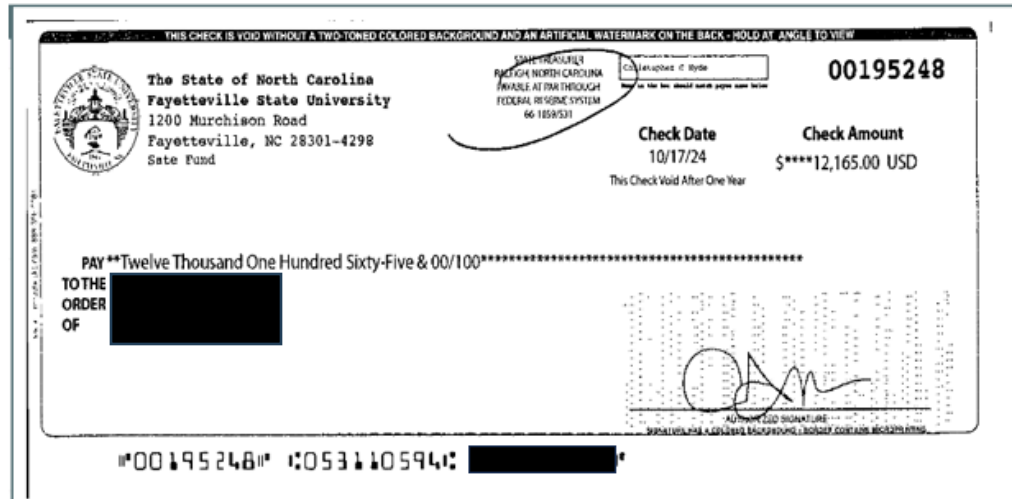


# Polling Question

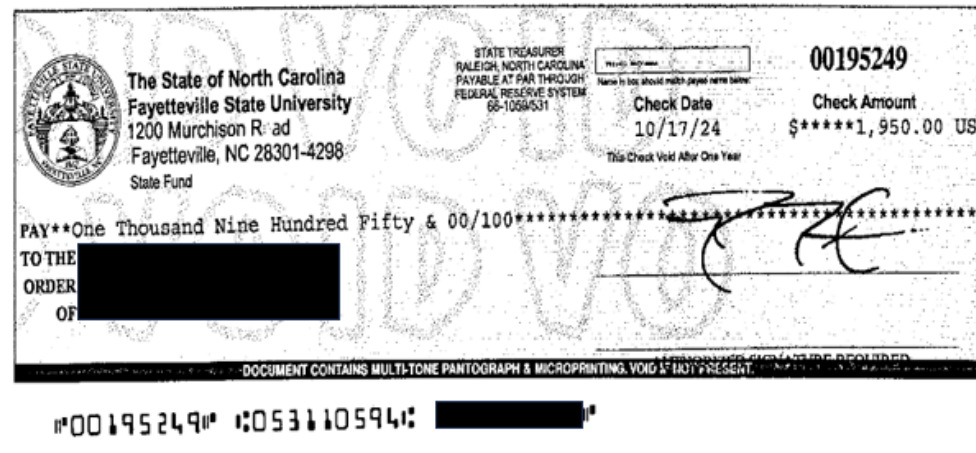


# Counterfeit Check

Counterfeit



Valid Check





# What Do I Do Now?

BANKOPS-3-ALTERED

**AFFIDAVIT FOR ALTERED STATE WARRANT**

I, \_\_\_\_\_,  
chief fiscal officer of \_\_\_\_\_,  
an agency of the State of North Carolina, being first duly sworn, deposes and says that warrant number  
\_\_\_\_\_, dated \_\_\_\_\_, official amount of \_\_\_\_\_,  
officially issued by this agency, made payable to \_\_\_\_\_,  
and drawn on the State Treasurer, has been altered as follows (complete as applicable):

Official Payee: \_\_\_\_\_ Altered Payee: \_\_\_\_\_  
Official Issued Date: \_\_\_\_\_ Altered Date: \_\_\_\_\_

WITNESS my hand and seal, this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_  
(SEAL)  
Chief Fiscal Officer

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )  
Subscribed and sworn to before me  
This the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

BANKOPS-4-COUNTERFEIT

**AFFIDAVIT FOR COUNTERFEIT STATE WARRANT**

I, \_\_\_\_\_,  
chief fiscal officer of \_\_\_\_\_,  
an agency of the State of North Carolina, being first duly sworn, deposes and says that document purported to be a  
State warrant issued by this agency, bearing warrant number \_\_\_\_\_, dated \_\_\_\_\_,  
official amount of \_\_\_\_\_, officially issued by this agency, made payable to  
\_\_\_\_\_, bearing the NC State Treasurer's transit routing number  
053110594; and bearing the account number \_\_\_\_\_ assigned to this agency,  
is not a State warrant issued by this agency, and is allegedly a counterfeit instrument.

WITNESS my hand and seal, this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_  
(SEAL)  
Chief Fiscal Officer

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )  
Subscribed and sworn to before me  
This the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



# Fraud Case Reminders

- Complete the correct affidavit and return the original to DST Banking.
- Fraud cases can take up to 120 business days for resolution.
- DST Banking only speaks to agency personnel.
- DST Banking cannot advise you on whether or not to complete the outstanding payment.
- DST Banking cannot guarantee fraud cases will be approved.

# Other Types of Check Fraud

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- *Unauthorized endorsement*
  - Business or Individual
  - Fraudster is purporting to be the payee or and authorized signer/owner in the case of a check made payable to a business.
- *Fraudulent Application*
  - Request or application for check fraudulent
  - Check is legitimate





### AFFIDAVIT AND INDEMNITY BOND

I, \_\_\_\_\_ on behalf of \_\_\_\_\_,  
(Affiant) (Business Name)  
being first duly sworn, depose and say:

That warrant(s) numbered \_\_\_\_\_ for \$ \_\_\_\_\_ dollars, dated \_\_\_\_\_, allegedly issued by \_\_\_\_\_, an agency of the State of North Carolina and drawn on the State Treasurer,

- \_\_\_\_\_ has/have not been received by this business,
- \_\_\_\_\_ has/have been received by this business, was endorsed, but has/have since been destroyed, stolen, or lost,
- \_\_\_\_\_ has/have been received by this business, was not endorsed, and has/have since been destroyed, stolen, or lost,
- \_\_\_\_\_ has/have been examined by me and the first endorsement is not an authorized signature or stamp of this business;

That I and this business did not cash the warrant(s) and have never benefited in any manner from said warrant(s);

That I and this business seek to have the State of North Carolina replace said warrant(s); and,

In consideration of the issuance of the replacement warrant(s) by the State of North Carolina, the undersigned business is hereby held and firmly bound unto the State of North Carolina in the sum of \$ \_\_\_\_\_ dollars (an amount equal to the sum of the warrant(s) involved herein), to be paid to the State of North Carolina, to the payment whereof, well and truly to be made, the undersigned business binds itself and its successors, firmly by these presents, so that the undersigned business and its successors shall at all times save harmless and keep indemnified the State of North Carolina against any claim, demand, loss or expense of any character, and against all loss and damages whatever that shall or may result at any time to the State of North Carolina, or any agency thereof, arising out of and by reason of the issuance to the undersigned of the duplicate warrant(s) in replacement of the warrant(s) hereinabove described.

WITNESS my hand and seal, this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Business Name Signature of Affiant and Title (SEAL)

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to before me

This the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

The statute of limitation for endorsement forgeries is three years. (G.S. 25-4-111)

### AFFIDAVIT AND INDEMNITY BOND

\_\_\_\_\_, being first duly sworn, deposes and says that  
(Affiant)  
warrant(s) numbered \_\_\_\_\_ for \$ \_\_\_\_\_ dollars, dated \_\_\_\_\_,

allegedly issued by \_\_\_\_\_, an agency of the State of North Carolina and drawn on the State Treasurer, and allegedly made payable to the order of this affiant,

- \_\_\_\_\_ has/have not been received by me,
- \_\_\_\_\_ has/have been received by me, was endorsed by me, but has/have since been destroyed, stolen, or lost,
- \_\_\_\_\_ has/have been received by me, was not endorsed by me, and has/have since been destroyed, stolen, or lost,
- \_\_\_\_\_ has/have been examined by me and the first endorsement is not my handwriting, and I have not at any time authorized anyone to endorse the check on my behalf;

that I did not cash the warrant(s) and have never benefited in any manner from said warrant(s); that I seek to have the State of North Carolina replace said warrant(s) and,

In consideration of the issuance of the replacement warrant(s) by the State of North Carolina, I, the undersigned, am held and firmly bound unto the State of North Carolina in the sum of \_\_\_\_\_ dollars (an amount equal to the sum of the warrant(s) involved herein), to be paid to the State of North Carolina, to the payment whereof, well and truly to be made, I bind myself and each of my heirs, executors and administrators, firmly by these presents, so that I, my heirs, executors or administrators, shall at all times save harmless and keep indemnified the State of North Carolina against any claim, demand, loss or expense of any character, and against all loss and damages whatever that shall or may result at any time to the State of North Carolina, or any agency thereof, arising out of and by reason of the issuance to the undersigned of the duplicate warrant(s) in replacement of the warrant(s) hereinabove described.

WITNESS my hand and seal, this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Last 4 digits of Social Security Number Signature of Affiant (SEAL)

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to before me

This the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

The statute of limitation for endorsement forgeries is three years. (G.S. 25-4-111)

# Polling Question

# How Do I Avoid Check Fraud?!



Do not mail checks at the end of the week.



Apartment style mailbox = P.O. Box



Send payments electronically





# Payee Positive Pay

- Will validate payee in addition to check number, check date and amount.
- Agencies that do not send payee will not have that field validated.
- Currently in contract/amendment phase with vendors.
- Expected to take approximately 3 months to implement once amendments are executed.

# Electronic Fraud



PHISHING



ACH FRAUD



BUSINESS EMAIL  
COMPROMISE

# Polling Question