

Fraud Alert!

One of our clients was almost a recent victim of cheque fraud. The client had sent a cheque of 50,000 to a supplier in Montreal via regular mail. Two weeks later a stop payment was issued on the cheque and a new cheque issued as the supplier had reported not receiving the first cheque. Upon checking the bank online one morning last week, our client noticed that the original had cleared the bank the previous night, with a different payee listed than the original. The controller contacted the bank and the account manager placed another stop payment on it in time to stop the payment processing and clearing process. Our client figures that the mail was stolen from the drop-box in their industrial park. Regardless of how, the account manager at the bank mentioned how appalled he is at how much of this is going around. In talking to many clients, it is worth the discussion to identify some of the potential weaknesses in your payment processing system that could result in fraud. Suggestions for reducing fraud: 1) Discontinue the use of window envelopes (which make it easier to find cheques in the mail); 2) Consider the use of electronic methods (i.e. wire transfer); 3) Consider using a pre-clearance of cheques service (offered by some banks).