***NOTICE****: The following has been provided by WBA committee and section volunteers for use by member banks.
It should be reviewed and revised as appropriate to the user-bank’s own policies, procedures, and practices.*

**New Account Fraud Red Flags**

Although many cases of new account fraud are thwarted by our diligent front-line team, financial institutions still experience instances where losses are sustained. Even these can be detected early when knowing how to spot new account fraud behavior. In many cases, the perpetrator does not have negative reporting information to warrant a hard denial during the vetting process. Once the account is opened, the person deposits counterfeit, stolen, altered checks, or checks drawn on fraudulent accounts. The intent is to quickly withdraw the funds before the check(s) are returned unpaid. It is important to be especially cautious and review some of the common red flag indicators of new account fraud.

**During Account Opening:**

* The person is brand new to the bank.
* The person is only interested in basic services (a single checking or savings account).
* The person provides questionable documentation such as damaged or temporary identification.
* A request to open an account with a zero balance or minimum amount of cash (a common tactic designed to avoid suspicion on the first deposited check).
* No specific employment information is brought up in conversation.
* No mention of direct deposit or other sources that will be funding the account.
* Unusual or generic explanation for changing banks.
* The person seems overly interested in funds availability.
* A brand new relationship who initiates an online application.
* Immediate concern for an instant access debit card.

**After Account Opening:**

* The customer relationship is less than 90 days old (new relationships pose a greater risk of fraud).
* Frequent check deposits are made followed by systematic withdrawals.
* Transactions at made at multiple branch locations shortly after the account is opened.

It’s good to go with your gut when it comes to fraud. As always, familiarize yourself with the new account procedures, review the account history, and reach out to your bank’s fraud team if you suspect a problem.

**Basic Preventative Best Practices:**

* Be cautious of “unseasoned” account relationships (less than 30 days old).
* Review the account history for recent check deposits prior to depositing or cashing a check.
* Look for unusual memo lines on the check such as “work”, referencing the purchase of an item, “loan”, etc.
* Interview the potential customer as part of the sales process, and report any red flags prior to opening the account.