



How to Protect Yourself and Your Business from Fraud

You are at risk!



Cheque fraud is one of the fastest growing financial crimes today. Projections indicate that cheque fraud will grow by 25% each year. It is estimated that commercial fraud, including cheque fraud, costs North American businesses over \$20 billion CAD annually.

Recent industry studies show that nearly two-thirds of Canada's top businesses have been hit by fraud.

What used to be a crime targeted to large and mid-size companies is now shifting to include unsuspecting small businesses.

A Nilson Fraud Survey Report (of 1,000 Canadian companies) indicated:

- 62% of all companies in Canada have experienced fraud
- Cheque fraud alone is estimated to cost Canadian businesses between one and two billion dollars each year
- Fraud is on the rise for small businesses
- 66% of small businesses surveyed are concerned about fraud
- 20% of small businesses have already experienced it
- Most small business customers surveyed said they would order from a company with a fraud protection service
- Many small business customers depend on their personal credit rating, making fraud a bigger risk for them



What kinds of things do criminals look for?

- High-volume bank accounts in which fraudulent cheques can easily slip through
- Cheques that are easy to reproduce using a colour copier
- Cheques that are easy to tamper with
- Easy access to a cheque book or cheque stock

How can you protect yourself and your accounts from fraud?

It's important to reduce the chance of someone counterfeiting or altering your

cheques. Just as important is reducing your liability when fraud does occur.

Be aware that it is impossible to prevent fraud. What you can do is significantly minimize your risk.

It is critical to have cheque processing procedures in place that make it difficult to counterfeit or alter your cheques.



1. Prompt account reconciliation – reconcile your statements as soon as you receive them.
2. Restrict access to your cheques. Split responsibilities so that no one person is responsible for cheque issuance and reconciliation.
3. Audit your cheques.
4. Ensure that your cheques include comprehensive security features.
5. Keep cheque stock in a secure location.
6. Destroy unused cheques from closed accounts immediately.
7. When re-ordering your cheques use a set of consecutive numbers.
8. Order only one set of cheques per account.
9. Report old, outstanding cheques.
10. If you suspect fraud on your account, report it immediately.
11. Refrain from making the signatures of company officials common knowledge.
12. Use envelopes with a printed lining that are specifically designed to be compatible with your cheques.
13. When conducting a reconciliation review of cancelled cheques, verify that payees' names have not been tampered with.
14. Never leave cheques unattended in your computer printer.
15. When you do a cheque run, account for all cheques since the last run.
16. Review your insurance policy to determine if it provides protection in the event of a loss.

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Bottom line:

Do not take unnecessary chances. The more security you have through procedures and choice of cheques, the less likely it will be that someone will tamper with your cheques.

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