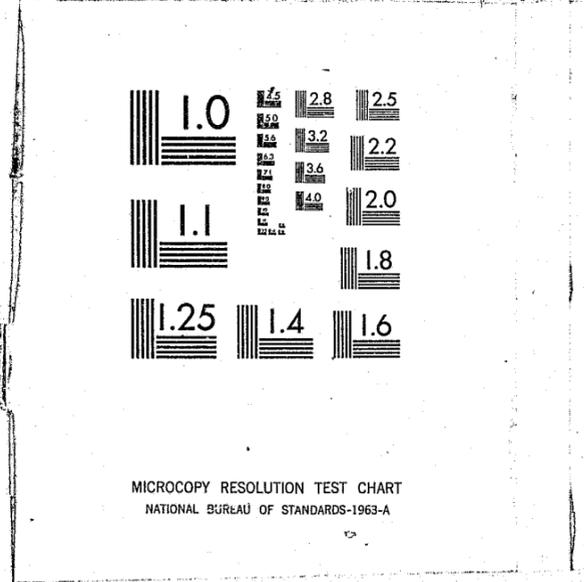


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United States Department of Justice  
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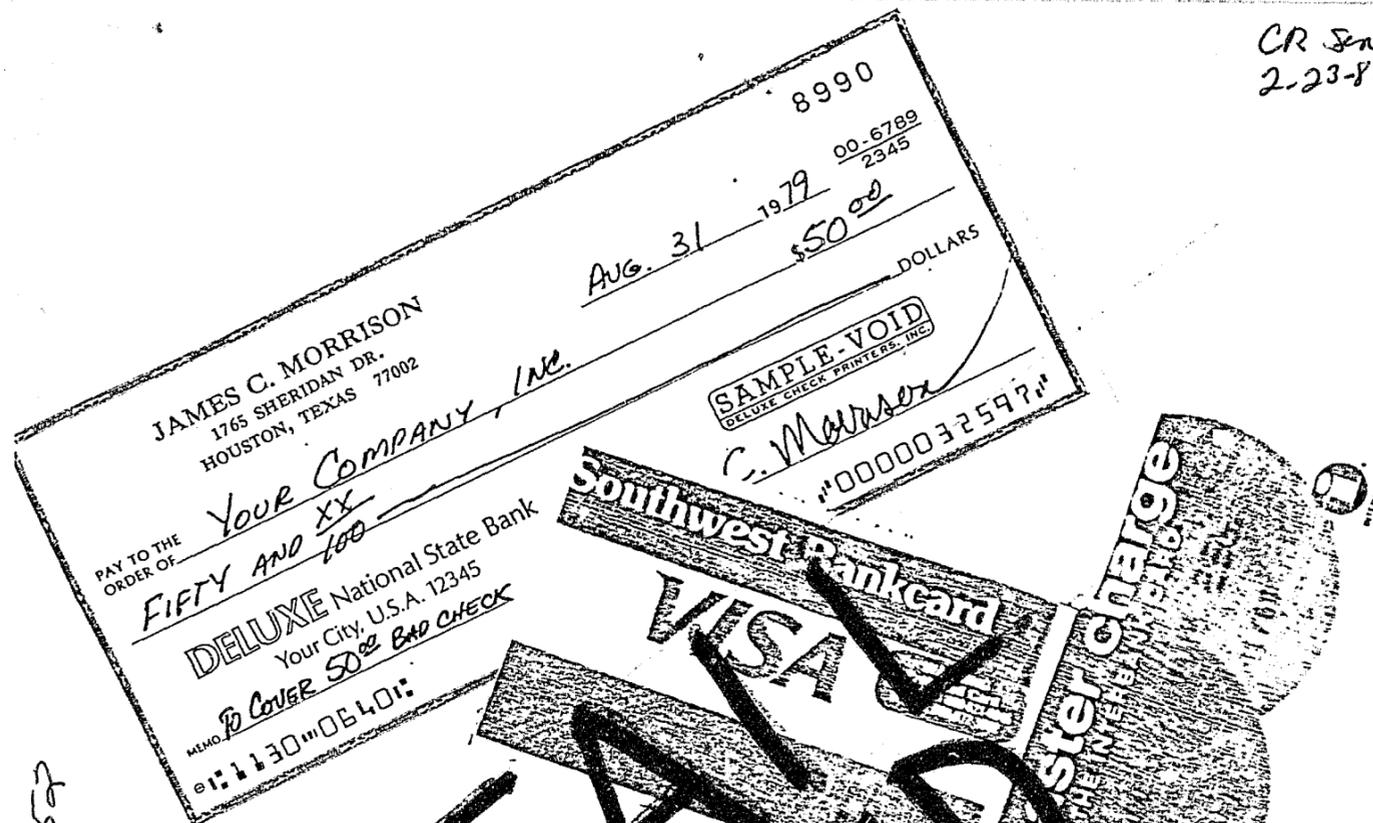
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**RETAIL  
EXONERATION**

John C. ...  
123 ... Street  
Houston, Tex.

Cash Money

Presented By:  
HOWELL TOWNSHIP POLICE DEPT.  
CRIME PREVENTION UNIT



### TOWNSHIP OF HOWELL DEPARTMENT OF POLICE

201-938-4575  
P.O. Box 580  
Howell, N.J. 07731

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Captain
- Daniel F. Myers  
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Lt. Patrol Div.
- Gary Priccaciante  
Lt. Detective Div.

TO THE MEMBERS OF THE HOWELL TOWNSHIP BUSINESS COMMUNITY:

Retail frauds--including bad checks, credit card losses, and counterfeiting,--continue to plague our nation, resulting in yearly losses in the billions! Moreover, the problem is getting worse. Serious unemployment... the personal stress of inflation... increasing narcotics use... a deepening "something for nothing" social mentality... the widening availability of technical equipment that facilitates fraud... the growing use of entry-level personnel sensitive customer-contact jobs-- these and other factors, day by day, are building losses to a disturbing record high.

Some retailers have become fatalistic, accepting this mounting tool of retail swindle as the price of doing business these days. This attitude is as fiscally irresponsible and shortsighted as it is unrealistic-- because it is possible to fight back effectively.

Detecting currency, credit card, and check schemes is not always easy, to be sure. The men and women behind them are shrewd, smooth, and experienced. In many respects they may be indistinguishable from legitimate customers. But in a majority of cases, their illegal efforts can be controlled-- if a business' personnel are alert to the possibility of fraud in dealing with customers, learn to recognize basic clues to possible wrongdoing, appreciate the importance of regulations or policies, and know how to react when they note something questionable.

Heightening your sensitivity to illegal schemes can produce a triple benefit. Good screening will: 1) have a direct positive impact on your firm's profit picture, 2) protect the good will of legitimate customers, and 3) enhance your employee status. Moreover, your skill at frustrating rip off artists will affect your professional reputation. Criminals tend to share information. A clerk/teller whose naivete or laxity makes fraud easy may become identified in the criminal community and will invite repeated illegal transactions.

The information contained in this pamphlet is designed for both the entry-level clerk as well as the business proprietor, as it relates to both procedures as well as to policy formation. Also included are copies of the current criminal statutes pertaining to bad checks and credit card fraud.

We firmly believe that the material presented here will aid in reducing losses due to retail frauds. As with other phases of our Crime Prevention program, we are promoting awareness through education. If we can assist you in any way with respect to reducing losses resulting from criminal actions please do not hesitate to call on us.

Ptl. William Hartung  
Kimberly Dorf

JUL 21 1981

ACQUIRED

## BAD CHECKS

Ninety percent of the volume of business in the United States is done by checks. Over 29 billion checks are drawn on 100 million checking accounts at the 14,000+ banks in operation.

The sheer magnitude, alone, of the volume of business conducted by check indicates that risks of losses due to the misuse of checks are abundant and present a serious problem to any businessman.

The estimated total cost of bad checks exceeds \$1.3 billion. This includes the actual amount of checks-- an average bad check is \$30-- and the cost of collecting-- an average \$10.

Small business suffers losses three times greater than the average of general business and 35 times greater than large business.

It has become a common cliché among the criminal fraternity that fraudulent check passing is an easy career to engage in-- all that is needed is a loaded pen. Fraudulent check passing is also one of the most difficult crimes to control.

Most businessmen cash personal and other checks as a service not necessarily associated with the purchase of goods and merchandise. Checks are cashed as a convenience to customers to encourage new or continued patronage. Thus, laxity on the part of the businessman, combined with his desire to increase sales volume has made fraudulent checks the large problem it is today.

For every careful merchant who refuses to accept a check because it is improperly written, contains abbreviated information, or cannot be backed up with corroborating identification, there are many others who would accept the same check without hesitation. Thus, all the criminal has to do is find a "cooperative" businessman-- an easy job when there are so many to choose from.

Losses from fraudulent checks are generally attributable to one or more of the following factors:

- failure to examine every check
- failure to record certain information on checks
- indiscriminate cashing of checks
- fear that a sale will be lost unless checks are cashed without undue complication; and
- lack of identification of person cashing check.

### WHAT CAN BE DONE?

Good management practices and sound administrative safeguards can minimize check losses. Basically, this involves formulation of, and strict adherence to, a viable check cashing procedure. Such a procedure should encompass the following major points:

- Central Check Cashing Station-- Wherever possible, set up a central check cashing station, manned by the same person daily. Consider the use of cameras, thumbprint methods, etc., at this location
- Amount that will be cashed-- establish a firm policy regarding the cashing of checks for amounts over the cost of merchandise or services.
- Employee Responsibility-- assign the responsibility of cashing checks for amounts higher than the purchase only to certain employees.
- Identification-- require at least one form of corroborating identification. MAKE NO EXCEPTIONS. Record information on the check. Cashier should initial check.

Valid forms of identification are:

- Driver's license
- Company Identification Cards
- Credit Cards
- Local Charge Plates

Examination-- examine every check carefully to insure that all entries are completed, legible, and accurate. Compare signatures on check with the identification.

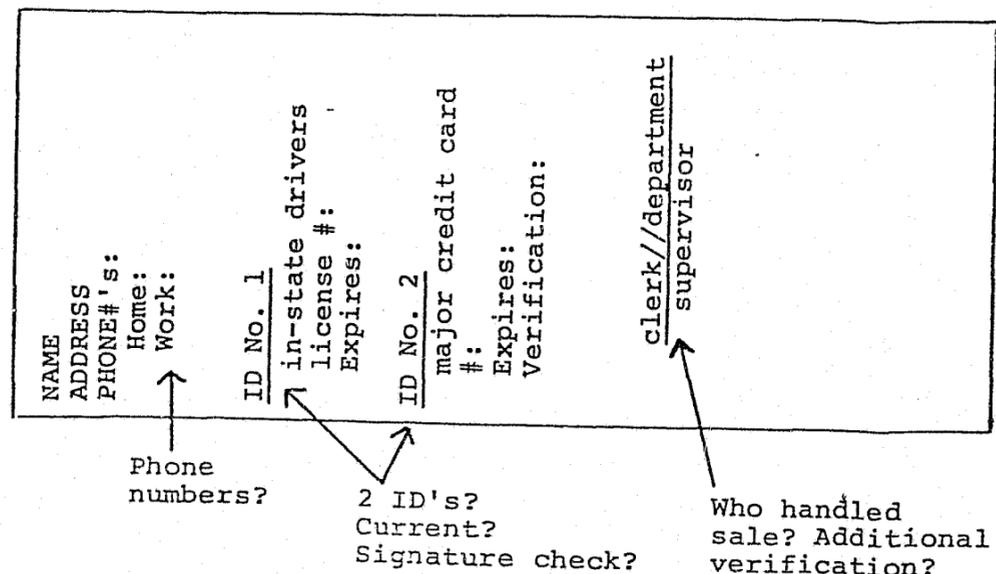
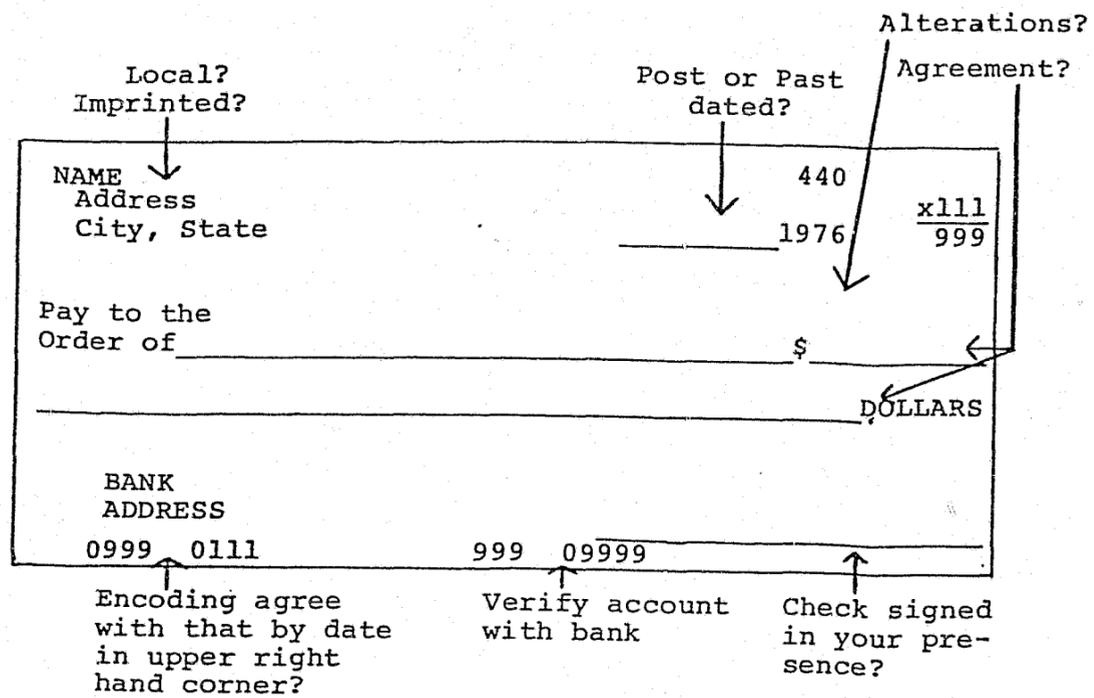
- DO NOT accept checks with altercations.
- Ask for second endorsement on check already signed when presented for payment.
- DO NOT accept post dated checks.

Exercise particular caution with:

- counter checks
- two or more party checks
- out of town or out of state checks
- checks that have a rubber stamped or typewritten in company name.
- the big name dropper
- the "I'm an old customer" routine
- checks with low or unusually high sequence numbers
- checks cashed for money orders.

If you are victimized:

- Report all incidents to the police, and follow through with prosecution
- Alert business associates as to the problem.



## CREDIT CARDS

The use of credit cards is becoming the number one means of purchase power. Consumers are carrying and using credit cards to reduce the amount of money they have to carry on their persons. The convenience of credit cards is also appealing. Like the check, a business has to accept credit cards to compete for the customers business.

Credit payment exposes merchants and service providers to a high degree of vulnerability because of the many possibilities for fraudulent use. But, as with the situation with payment by check, an establishment that accepts payment by credit card risks losses only if proper procedures are not followed.

- Cancellation bulletins-- these should be checked routinely regardless of the amount of the check.
- Authorization calls should be made immediately when:
  - the purchase is an overlimit charge.
  - the card number appears in the cancellation bulletin.
  - the card is expired.
  - the card is not valid.
  - the signatures do not match.
  - the card has evidence of being tampered with.
  - the card has been altered.
  - the card holder has no other identification.
  - the card holder refuses to produce backing identification.
  - there are any other suspicions.

Basically, the same type of "awareness" of potential check fraud is needed for credit cards. Businessmen must remain alert and challenging.

Fortunately, one major recent innovation has done much to combat credit card frauds in those locales in which it can be cost-effectively applied. This is the point of sale computer terminal. Used in place of the cash register, it can make verification of every credit sale, and can also be programmed with card status changes within minutes of notification.

## COUNTERFEIT MONEY

One of the monopolies reserved only for the United States government is the printing of money. Counterfeiters have tried over the years to go into competition with Uncle Sam in this department, but invariably they are caught. You can help protect the integrity of your paper money by making sure that the money you handle is genuine, and by knowing what to do should you find yourself with a counterfeit bill.

It is not all that difficult to tell a fake bill from a real one, but since some counterfeits are extremely well done, it helps to know what to look for and how to spot a bad bill.

Workmanship: There are four main places to check:

- the portrait of a genuine bill stands out sharply from the background. The eyes are lifelike and the background screen is regular with beautifully even lines. On a counterfeit bill, the eyes are likely to be dull or smudged. The background lines are irregular, with some broken. The face may be less finely detailed than on a genuine bill.
- the seal of a genuine bill will have even and very sharp sawtooth points around the rim. On a counterfeit bill, the sawtooth points may be blunt, uneven, or broken.
- serial numbers of genuine bills are firmly and evenly printed, and are very evenly spaced. On counterfeit bills, the numbers may be poorly spaced, printed darker or lighter than normal, and unaligned. On Federal Reserve notes, the prefix letter may not agree with the district letter in the seal.
- scrollwork; In a legitimate bill, the fine lines are sharp and clean. A counterfeit bill's lines may be blurred and broken.

Genuine bills are printed on paper of extremely high quality. Small blue and red threads in the paper are clearly visible in newer bills, but you will have to look harder for them in older or worn money. Counterfeit paper does not contain such threads. Tiny imitating lines may be printed or inked on the bill. Counterfeit paper has a different feel from authentic bills, and may be whiter, and less "alive-looking" than genuine paper.

You cannot tell a fake bill from a real one by rubbing it. The ink of either can be rubbed off. Colors of genuine bills may also vary considerably.

### WHAT TO DO IF YOU GET A COUNTERFEIT BILL

- Write your name and the date on the bill, so you can identify it later.
- Write down the details of how you received it. From whom? When? Where? Under what circumstances?
- Get in touch immediately with one of the following and explain the situation: the U.S. Secret Service, a Federal Reserve Bank, any commercial bank, or your local police.

## BAD CHECKS

2C:21-5

By this provision of the Code, a person commits a disorderly persons offense if:

1. he issues or passes a check or similar sight order for payment of money,
2. knowing that it will not be honored by the drawee.

This section replaces two sets of bad check statutes under which the drawing, uttering or delivering of a check with intent to defraud was either a misdemeanor, if the check was for the amount of \$200 or more, or a disorderly persons offense if the amount was less than \$200. N.J.S.A. 2A:115 to 2A:117; 2A:170-50.4 to 50.6. Under those statutes, money must have been obtained. This Code provision represents a significant change in the law, since, by its terms, the offense is committed upon the mere issuance of a check for payment of money which is accompanied by the requisite knowledge that the check will not be honored by the drawee. If money is obtained, the person issuing the bad check may be prosecuted for the crime of theft by deception under other Code sections. 2C:20-4; 2C:20-8.

This section also establishes a presumption, which is significant both to prosecutions under this section and to prosecutions for theft committed by means of a bad check under other sections of the Code. In this regard, it provides that an issuer of a check or money order (other than one which is post-dated) is presumed to know that it would not be paid if he had no account with the drawee at the time that the check or order was issued, or if payment was refused by the drawee

for lack of funds, upon presentation within 30 days of issue, and the issuer failed to make good within 10 days after receiving notice of that refusal. While the Code creates this presumption in the two circumstances described, it also eliminates, by purposeful omission, the existence of a presumption contained in both N.J.S.A. 2A:111-16 and N.J.S.A. 2A:170-50.5, that the certificate of protest of nonpayment is deemed presumptive evidence of insufficient funds and that the person issuing the check or order knew of that insufficiency.

CREDIT CARDS  
2C:21-6

In this section, the Code defines the term "credit card" as meaning "a writing or other evidence of an undertaking to pay for property or services delivered or rendered to or upon the order of a designated person or bearer." It provides that a person commits a crime of the fourth degree if:

1. he uses a credit card for the purpose of obtaining either property or services,
2. knowing that the card is stolen, forged, revoked, canceled, expired or that his use is, for any other reason, unauthorized by the issuer of the card.

The section replaces a number of specialized statutes dealing with various illegal uses of credit cards. Its purpose is to fill a gap in the law relating to false pretense and fraudulent practices. Other sections of the Code, 2C:20-4 and 2C:20-8, cover theft of property or services by deception. It is doubtful, however, whether they reach the credit card situation because the user of a stolen or cancelled credit card does not victimize the seller by any deception. Rather he victimizes the issuer of the card, who has not been deceived and who will reimburse the seller.

REFERENCES

The following works were utilized in compiling this pamphlet:

Crime In Retailing-- U.S. Department of Commerce

Crime In Service Industries-- U.S. Department of Commerce

Outwitting the Bad Check Passer-- Small Business Administration

Texas Crime Prevention Institute Handbook

"Games People Play: Currency and Check Schemes"--Ralph Serpico  
and Charles Remsberg

Protect Yourself-- N.H. and S.K. Mager

**END**