

## **Bad Cheque Control**

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Bad cheque artists steal millions of dollars from small businesses every year. Ironically, the small business helps them because it:

- is too trusting;
- is too embarrassed to insist on proper identification; or
- has failed to properly train staff.

It's always difficult (and usually impossible) to recover money lost this way. Prevention is far more effective than recovery.

Risks can be greatly reduced by:

- limiting cheque cashing authority to certain delegated employees only, who must initial cheques;
- establishing a maximum limit to cheques that authorized employees may accept.

Learn to recognize the characteristics of people who are deliberately passing worthless cheques. Here are a few of the danger signals:

- a stranger who objects to providing identification, but names well known people as his friends;
- a client who wants to write a cheque for more than the value of the merchandise and wants the difference back in cash;
- a cheque issued by an unknown company, especially if it is not properly printed on safety paper;
- a second party cheque... the chance of fraud is doubled;
- a post-dated cheque or one which has been altered in any way;
- a client who presents a cheque made out to a company which he claims is his, therefore giving him signing authority;
- a cheque presented by a juvenile... children are not legally responsible;
- a cheque presented by a stranger on a weekend or holiday, when it is not possible to verify with a bank;
- an out of town cheque increases the risk and diminishes the chance of recovery.

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Prepared by: Government of Saskatchewan

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For further information regarding starting a business, contact the

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