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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR  
LILA NIEVES-LEE, REPUBLICAN STAFF DIRECTOR

March 8, 2023

Rob Nichols  
President and CEO  
American Bankers Association  
1333 New Hampshire Avenue NW  
Washington, DC 20036

Dear Mr. Nichols:

We write to express our concerns regarding the devastating effects that “check washing” scams are having on working families across the nation.

Check washing occurs when an individual steals a check, usually from the mail system, and washes it in household chemicals to remove the ink. Thieves will then change the payee name and the dollar amount, followed by fraudulently depositing the check, leaving consumers scammed out of potentially thousands of dollars.

Check washing has become an elaborate and organized method of successfully scamming consumers and banks. In 2022, banks saw an 84% increase in check fraud, costing consumers an estimated \$815 million. The increase in check fraud has left many Americans in difficult situations where thousands of dollars are stolen from them. Making matters worse, banks are delaying the process of resolving their fraud claims by weeks and even months.

According to reports, banks fail to properly identify fraudulently-altered checks and when they do – they ultimately fail to timely reimburse victims. Reports suggest that primarily larger banks shift liability to other banks that deposit washed and other fraudulent checks, thereby entering a drawn-out process of resolving issues of liability and reimbursement. Delays in resolving claims of fraud further exacerbates the stress that American families are under – whether it’s their inability to cover bills, rent, groceries, or being left in the dark as to when they will be reimbursed. Such circumstances harm consumers and their trust in our financial institutions to hold and secure their funds.

In light of the many concerns raised by consumers, we are concerned by banks inability to effectively identify washed and other types of fraudulently-altered checks, timely process claims, and reimburse those that have lost thousands of dollars. Consumers should not be left waiting for their accounts to be made whole again. It is the responsibility of banks to properly address these concerns and to reimburse consumers in a timely manner. To that end, we urge you to expeditiously come up with a plan to assist your members in addressing this problem by reducing check fraud and resolving fraud claims. Please provide us with a briefing on how you plans to address this issue with your members, by March 17, 2023.

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WASHINGTON, DC 20510-6075

Thank you for your prompt attention to this important issue.

Sincerely,



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Sherrod Brown  
Chairman  
Senate Committee on  
Banking, Housing, and Urban  
Affairs



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Elizabeth Warren  
United States Senator



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Catherine Cortez Masto  
United States Senator