



Ontario Brokers To Be On High Alert for Possibility of Cheque Fraud in Their Brokerages

(Toronto), July 12th, 2010. Today, the Insurance Brokers Association of Ontario (IBAO) is asking brokers to be on alert for fraudulent activity due to several recent reports of cheque fraud.

The incidents seem to have a common thread, and occur when the brokerage is shipping a payment to an external payee, using window envelopes. The cause for concern becomes apparent when the brokerage is notified by the payee that the payment did not arrive, yet the brokerage's banking records show the debit transaction was completed.

There are a few proactive steps that your brokerage can take to help prevent this issue from happening:

- Do not use window envelopes to ship cheque payments.
- Ensure that cheques have serial numbers on the electronic codeline (commonly referred to as MICR). Most banks' detection equipment relies on the MICR as part of their fraud detection systems.
- Reconcile accounts on a daily basis (confirming both correct amounts and payees) and consider using electronic services available from your financial institution to assist. Separating accounts payable from accounts receivable roles can also help minimize opportunities for fraudulent activity.
- Consider utilizing electronic fund transfers instead of cheques.
- Implement physical security by properly securing and restricting access to any computers used to issue cheques, especially ones with electronic signatures.
- Cheques, cheque order forms, and articles of incorporation should be treated as carefully as cash and kept locked up with restricted access.

“It is important that brokers be aware of the possibility of fraud and implement appropriate measures to reduce the risk of being victimized,” stated Senior Manager of Industry Programs for BMO Bank of Montreal, John Knotek. “If you believe that some fraudulent activity is at work, contact your banker immediately”.

For more information on how to minimize your brokerage's fraud risk, visit the BMO website, www.bmo.com.

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The Insurance Brokers Association of Ontario (IBAO) is a 'not for profit' association that represents and serves the interests of over 10,800 independent Property & Casualty Insurance Brokers in the Province of Ontario. For information about IBAO, visit www.ibao.org or www.ibao.org/blog to receive timely news and information updates. You can also follow IBAO on Twitter or join the IBAO Facebook Fan Page.

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