

Fraud Risk Bulletin

Exclusive, As-It-Happens Risk Updates and Insights

SUMMARY

Fraudulent United States savings bonds with face values as high as \$10,000 with redemption values of over \$16,000 are being redeemed at financial institutions. The funds are withdrawn before the U.S. Treasury reclaims the funds, indicating the bonds are fraudulent. One credit union recently incurred a loss of over \$147,000 involving three separate accountholders.

HOW SAVINGS BOND FRAUD IS PERPETRATED

The bad actors perpetrating this fraud are generally 1) newer accountholders or 2) established accountholders with little account activity. The accountholder presents the savings bond at a branch location then quickly makes several withdrawals before the U.S. Treasury reclaims the funds. The U.S. Treasury reclamation can take several weeks, which aids the fraudster with this scam.

CRITICAL NOTES

The financial institutions that have suffered losses *did not* use the “Savings Bond Valuation and Verification for Financial Institutions” from the U.S. Department of the Treasury’s Bureau of the Fiscal Service to validate the savings bond. Instead, the “Treasury Direct” tool was used. This tool only calculates the value, it *does not*:

- Verify the name on the savings bond
- Validate the serial number
- Guarantee the savings bond is eligible to be redeemed
- Create a savings bond based on the information entered in the tool

Remember, financial institutions can decline to cash a savings bond if there is reason to doubt the authenticity of the bond, or if there is concern about the ID or trustworthiness of the person cashing it.

RISK MITIGATION

Train tellers and new account staff about savings bond fraud and develop written procedures for staff to follow when cashing U.S. savings bonds, including the following:

- Financial Institutions should use the “Savings Bond Valuation and Verification for Financial Institutions” tool. To use this tool, financial institutions must request access by emailing sbv@fiscal.treasury.gov.
- Verify that the accountholder was not born prior to the date the savings bond was purchased.
- Do not allow new accountholders (less than one year) to redeem U.S. savings bonds.
- Refer accountholders to redeem their savings bonds [online through services offered by the U.S. Treasury](#).
- Set dollar and number limits for U.S. savings bond redemption, i.e., \$500 face value dollar limit, 3 per week. Refer higher limits to online redemption.

RISK MITIGATION RESOURCES

- Check out Allied’s [Risk Resource Library](#)

The image contains two promotional banners side-by-side. The left banner is titled "Allied Insights" and features a red button with a white double arrow icon and the text "LEARN MORE". Below the button, it says "Forward-thinking content and original insights into the markets you serve, to help you grow, protect and evolve your business." The right banner is titled "Stay Informed" and features an orange button with a white double arrow icon and the text "SUBSCRIBE". Below the button, it says "Sign-up for our newsletters to receive expert education and insights on top-of-mind industry topics and receive resources coming to your inbox." Both banners have a blue background with faint circular patterns.

