CHECK FRAUD
a guide to avoiding losses
This booklet was prepared by the Check Fraud Working Group, a subgroup of the interagency Bank Fraud Working Group. That working group includes representatives from the Federal Bureau of Investigation, the Department of Justice, Federal Deposit Insurance Corporation, Federal Reserve Board, Internal Revenue Service, Office of the Comptroller of the Currency, Office of Thrift Supervision, U.S. Postal Inspection Service, National Credit Union Administration, and U.S. Secret Service. The Check Fraud Working Group was convened to provide a forum to explore ways to combat check fraud perpetrated against insured depository institutions.
Check Fraud:
A Guide to Avoiding Losses

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Background

Check fraud is one of the largest challenges facing financial institutions. Technology has made it increasingly easy for criminals, either independently or in organized gangs, to create increasingly realistic counterfeit and fictitious checks as well as false identification that can be used to defraud financial institutions.

The scope of the problem can be shown by some recent statistics. According to the U.S. Department of the Treasury, Financial Crimes Enforcement Network’s (FinCEN) 18 Month Analysis of the Suspicious Activity Reporting System (SARS), 43 percent\(^1\) of SARs reported for criminal referral between April 1996 and September 1997 related to check fraud, counterfeit checks, and check kiting. Financial institutions lost an estimated $1 billion to those check fraud related schemes during that time.

To protect the banking industry and its customers from check fraud, financial institutions must become familiar with common check fraud schemes. This booklet describes some of those schemes and presents tactics for use in combating check fraud. It cannot describe comprehensively all types of check fraud or check fraud schemes, because the variations are limitless. Although this booklet is a general guide, financial institutions should look to state and local laws for other guidance. It can, however, get bankers, tellers, operations personnel, and security officers to think about the problem and show how they can help protect their institutions from check fraud.

Significant Terms

Some technical terms relating to checks and drafts\(^2\) are worth defining.

**Customer** – a person with an account at the financial institution.

**Drawee** – a party, typically a financial institution, that is required to pay out the money when a check or draft is presented. The drawee is usually the payer financial institution.

**Drawer** – a person writing a check. The drawer is typically a customer of the drawee.

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1 This figure does not include Bank Secrecy Act reported violations.

2 In credit unions, these instruments are referred to as share drafts.
MICR (Magnetic Ink Character Recognition) – numbers at the bottom of a check, printed in magnetic ink, that can be read by machines. The numbers usually are encoded with the name and address of the drawee financial institution, the account number, and the check number. The dollar amount is added to the MICR line during check processing.

Payee – a party entitled, by the creation of a draft or check, to receive funds from a drawee.

Presentment – the delivery of a check or draft to the drawee or the drawer for payment.

Check Fraud Schemes

Fraud schemes involving checks take many forms. Checks may be:

- Altered, either as to the payee or the amount.
- Counterfeited.
- Forged, either as to signature or endorsement.
- Drawn on closed accounts.
- Used in a variety of schemes.

Check fraud criminals may be financial institution insiders, independent operators, or organized gangs. The methods they use to further check fraud include:

- Getting customer information from financial institution insiders.
- Stealing financial institution statements and checks.
- Working with dishonest employees of merchants who accept payments by check.
- Rifling through trash for information about financial institution relationships.

Descriptions of some common check fraud schemes follow, with information on what makes them successful, and what bankers can do to avoid them.

Altered Checks

Altered checks are a common fraud that occurs after a legitimate maker creates a valid check to pay a debt. A criminal then takes the good check and uses chemicals or other means to erase the amount or the name of the payee, so that new information can be entered. The new information can be added by typewriter, in handwriting, or with a laser printer or check imprinter, whichever seems most appropriate to the check.
Example 1:

A door-to-door salesman sells a set of encyclopedias for $69.99. The customer pays by check, writing $69.99 to the far right on the line for the amount in figures, and the words “sixty-nine and 99/100” to the far right of the amount in the text line. The criminal uses the blank spaces on both lines to alter the check by adding “9” before the numbers line, and the words “Nine Hundred” before the text line. The $69.99 check is now a fraudulent check for $969.99, which the criminal cashes.

Example 2:

A small company that provides service to several small clients is paid by checks payable to “Johnson CO.” or “Johnson Company.” Criminals steal a number of those payment checks and use a chemical solution to erase the word Co. or Company. They then type in the word Cooper, and subsequently cash the checks using false identification.

Example 3:

A criminal steals a wallet, with a check in it, from the glove compartment of a car. The criminal uses the signatures on the identification in the wallet to forge the endorsement. Then, using the identification in the wallet, altered, if necessary, the criminal cashes the check at the payee’s financial institution.

Altered check schemes can be successful when customers are careless and financial institutions fail to check payee identification properly.

To protect against such frauds, customers should:

• Avoid leaving large blank spaces in the number or amount lines on checks they write.
• Report to drawee or payer financial institutions when their checks are stolen.

Financial institutions should:

• Review checks to ensure that the handwriting or print styles are consistent, and that no signs of erasure or alteration show.
• Compare the signatures on items and the appearance of the presenter with the signature and picture on the identification.
Counterfeit Checks

Counterfeit checks are presented based on fraudulent identification or are false checks drawn on valid accounts.

Example 1:

A group of criminals open checking accounts, cash counterfeit checks, and file false tax returns, using fraudulent drivers’ licenses, social security cards, and other identification. They use information from personal and corporate trash to produce the identification with computer technology.

Example 2:

A financial institution insider identifies corporate accounts that maintain large balances, steals genuine corporate checks, counterfeits them, and returns the valid checks to the financial institution. The financial institution insider is associated with a group of criminals that distributed the counterfeit checks throughout the area and cashes them using fictitious accounts.

Counterfeit check schemes can be successful when criminals are skillful in their use of technology to create false documents or have access to information and supplies from financial institution insiders.

To protect against such frauds, customers should protect their personal information, including account records.

Financial institutions should:

- Review customer identification thoroughly.
- Maintain separation of functions, so that no one person has account information and access to controlled supplies, such as commercial check stock.
- Use mailings and other methods to warn customers about check fraud and the need to protect their information.

Identity Assumption

Identity assumption in check fraud occurs when criminals learn information about a financial institution customer, such as name, address, financial institution account number, social security number, home and work telephone numbers, or employer, and use the information to misrepresent themselves as the valid financial institution customer. These schemes may involve changing account information, creating fictitious transactions.
between unsuspecting parties, or preparing checks drawn on the valid account that are presented using false identification.

This fraud is made easier when organizations, such as state departments of motor vehicles, use social security numbers on drivers’ licenses as identification. In such states, because those numbers are more available, financial institutions must be especially careful.

**Example 1:**

A financial institution customer pays a bill in the normal course of business. An employee of the payee copies the check and provides it to a partner in crime who contacts the financial institution and, using information from the check, pretends to be the account holder. The criminal tells the financial institution that he or she has moved and needs new checks sent to the new address quickly. When the financial institution complies, the forged checks are written against the customer’s account.

**Example 2:**

A gang member steals a statement for an account at financial institution A, and another steals a box of new checks for a different person’s account at financial institution B. The gang prepares the stolen checks to be payable to the valid account at financial institution A. Using fraudulent identification, one of the criminals poses as the payee to cash the checks at drive-through windows at financial institution A. Because the criminals know that sufficient cash exists in the account to cover the check, they can ask safely for immediate cash.

**Example 3:**

A criminal uses customer information, sometimes from a financial institution insider, to order checks from a check printer or to create counterfeit checks and false identification. The criminal then writes fraudulent checks and presents them for deposit into the customer’s account, requesting part of the deposit back in cash. The cash-out from the transaction represents the proceeds of the crime. This is also known as a split-deposit scheme.

Identity assumption schemes can be successful when a financial institution:

- Accepts account changes over the telephone.
- Is careless in requiring and reviewing identification presented for cash-out transactions.
- Does not limit the size of cash transactions, especially at temporary or remote locations, such as drive-through windows.
To protect against such frauds, financial institutions should:

- Ensure that changes to accounts are secure, by requiring customers to request changes in writing or in some other way, such as password identification, that guarantees the identity of the customer.
- Train personnel, including all tellers, to:
  - Check identification carefully, particularly in split/deposit transactions.
  - Require two forms of identification.
  - Record the identification information on the back of the item presented.
  - Inspect checks carefully to ensure that they are not counterfeit. Such checks are often printed on lower quality paper, which tends to feel slippery or are produced using desktop publishing equipment, which smudges when rubbed with a moist finger.
- Limit the size of cash transactions at temporary or remote locations to require people presenting large items to complete the transaction inside the financial institution office.
- Use cameras.

Closed Account Fraud

Closed account frauds are based on checks being written against closed accounts. This type of fraud generally relies upon the float time involved in interfinancial institution transactions.

Example 1:

A fraud ring provides “role players” with business checks drawn on closed accounts at a financial institution. The “role players” deposit the checks into a new account at a different financial institution through one or more ATMs operated by other financial institutions. The float time between the ATM deposits and the checks drawn on the closed accounts reaching the issuing financial institution for payment allows the criminals to withdraw funds from the new account.

Closed account frauds can be successful when customers do not destroy checks from unused accounts or do not inform their banks properly of account status.
To protect against such frauds, customers should:

- Keep their financial institutions informed of the status of accounts.
- Actively close unneeded accounts rather than merely abandon the account.
- Destroy checks from dormant/inactive or closed accounts.

Financial institutions should:

- Place special holds on checks drawn on accounts that have been inactive for some time.
- Send a letter to customers of dormant/inactive accounts asking if the account should be closed.
- Advise customers to destroy checks from closed accounts and to notify the financial institution when they intend to close an account.

**Fraud by Bank Insiders**

Often check fraud schemes depend on information provided by bank insiders. In addition to schemes discussed elsewhere, which may involve access to information about one account or relationship, frauds based on insider knowledge are often broader because they are based on the knowledge of the bank’s operations and access to many accounts.

**Example 1:**

A former bank employee obtains legitimate bank account numbers and uses them with fictitious corporate names to order company payroll checks. He and several cohorts then use false identification to open bank accounts and cash the checks.

Fraud by insiders can be successful when customer account information is not kept secure and if insiders know when checks are read by automatic check processing equipment. Checks processed automatically, unlike those processed manually, are not checked for agreement of MICR and account information. To protect against frauds, financial institutions should:

- Conduct thorough and complete background investigations of its employees.
- Maintain a separation of functions, so that no one person has access to customer account information and check stock.
Telemarketing Fraud

Telemarketing frauds are based on the creation of “demand drafts,” rather than checks. A demand draft resembles a personal check, but carries no signature. In place of a signature, it reads that the account holder has given permission to have money withdrawn from his or her checking account to pay bills for goods and services.

Example 1:

The criminal calls a consumer and announces that the consumer has won a cash prize. The criminal explains that, to deposit the prize into the “winner’s” account, he or she needs the account information. Once the consumer provides the account information, the criminal prepares demand drafts and withdraws funds from the account. (A common variant is for the criminal to offer the consumer something for sale, such as a magazine subscription, in order to get the necessary account information).

Example 2:

A representative of a criminal organization contacts potential credit card users and promises to arrange for them to get VISA or MasterCard credit cards. The representative asks for checking account information to issue the card and, when the information is provided, prepares demand drafts against the consumer’s accounts.

Telemarketing frauds can be successful when customers reveal confidential account information.

To protect against such frauds, financial institutions should:

- Warn customers about them, either through direct mail or advertising in the financial institution.
- Check a customer’s file when a demand draft is presented to see if he or she has provided written authorization for the financial institution to pay those drafts.

Check Fraud by Gangs

Some gangs have become actively involved in check fraud. These gangs typically go after corporate accounts and have received a measure of notoriety because of their successes and failures.
Example 1:

Gangs have traveled throughout the country cashing counterfeit payroll checks obtained by gang members in targeted corporations or financial institutions. They use sophisticated counterfeiting techniques to capture the company’s logo and a company executive’s signature by scanning them and to prepare payroll checks using account information from a company check or a bank insider. They use the same information and techniques to prepare false identification for the people who will cash the checks.

If insider information is not available, such gangs sometimes call the targeted company’s accounts receivable department, tell them that they have funds to wire into the company’s account and get its financial institution account number to accomplish the transfer. The deposit never materializes. Such gangs move into a city or town around payday and cash the checks at local institutions that have check cashing agreements with the targeted corporation.

Example 2:

A fictitious foreign company sends a letter to a person or U.S. company claiming to have a large quantity of money that must be transferred out of the foreign home country immediately. The foreign company asks the targeted person or company to help set up a financial institution account into which the money can be transferred. They offer a sizable commission, while asking for the target’s checking account information. The foreign company’s representative then uses the account information to withdraw money from the target’s checking account using financial institution drafts.

Financial institutions should remember that, although the individual or U.S. company acted negligently, the financial institution may be liable for honoring the fraudulent drafts.

Gang frauds can be successful when customers are careless and financial institutions fail to secure account information.

To protect against such frauds, financial institutions should:

• Warn customers about such schemes.
• Verify new employees’ backgrounds.
• Require proper identification from customers before cashing checks.
• Be aware that gangs obtain account information from finan-
cial institution insiders, who process checks, copy payee checks, and use discarded receipts and/or statements.

• Be aware that gangs will recruit account holders in good standing and request people to open accounts or fictitious accounts (to deposit checks).
• Be aware that gangs also will obtain genuine identification issued by the state, in which they are negotiating the checks (be cognizant of the issuance date of the identification).

Preventative Measures

General Internal Controls

Strong organizational controls can reduce the likelihood of check fraud. A sound organizational strategy should require the financial institution to:

• Monitor, classify, and analyze losses, and potential losses to identify trends.
• Report findings from monitoring activities to the audit, risk-management, and security divisions, and to senior management.
• Ensure communication among departments about check fraud concerns.

• Assess operating procedures regularly and implement changes.
• Target check fraud awareness training to specific check fraud schemes– note how they occur, and how to prevent them.

Internal Controls to Prevent Check Fraud by Insiders

Unfortunately, dishonest financial institution employees can be involved in check frauds. Internal controls that can help prevent check fraud by financial institution insiders include:

• Ensuring that account changes, such as adding names or changing addresses and/or other information, are authorized by the customer in writing, or in a way that guarantees that the customer is requesting the change.
• Establishing special protections for dormant accounts, such as requiring extra approvals and mandatory holds and maintaining special security for signature cards.
• Maintaining permanent signature cards for each account and keeping files and appropriate documentation for business accounts (e.g., a certificate of incorporation and recent federal tax return).
• Separating duties to ensure that no one person in the financial
institution, acting alone, can commit check fraud.
- Ensuring that persons other than those who open accounts or prepare statements handle night depository, ATM, automatic clearing house (ACH), and mail deposits.
- Ensuring that customer complaints and discrepancy reconciliations are directed to staff who are not account openers, tellers, or bookkeepers.
- Conducting thorough and complete background investigations of new hires.
- When opening accounts with $50 or $100 deposits, holding the initial deposit checks for the time allotted by Regulation CC, or until they clear.

**Education and Training**

Alert and well-trained front line personnel, managers, and operations personnel are essential to effective check fraud prevention programs. Before beginning their positions, new employees should be trained in financial institution procedures concerning:
- Acceptable identification.
- Opening new accounts.
- Cashing checks and accepting deposits.
- Detecting counterfeit checks.
- Cash-back transactions.
- Back room operations.

Effective training and education are important in preventing check fraud losses. Suggested training for specific financial institution positions follows.

**Teller Training**

Financial institutions must emphasize to all tellers the importance of being alert to check fraud. One way to focus on preventing check fraud is to include a separate section on the subject in teller manuals. That section can emphasize typical check fraud schemes and warning signs. Some common warning signs include:
- A check that does not have a MICR line at the bottom.
- A routing code in the MICR line that does not match the address of the drawee financial institution.
- MICR ink that looks shiny or that feels raised. Magnetic ink is dull and legitimate printing produces characters that are flat on the paper.
• A check on which the name and address of the drawee financial institution is typed, rather than printed, or that includes spelling errors.
• A check that does not have a printed drawer name and address.
• A personal check that has no perforated edge.
• A check on which information shows indications of having been altered, eradicated, or erased.
• A check drawn on a new account that has no (or a low) sequence number or a high dollar amount.
• A signature that is irregular-looking or shaky, or shows gaps in odd spots.
• A check printed on poor quality paper that feels slippery.
• Check colors that smear when rubbed with a moist finger. (This suggests they were prepared on a color copier).
• Checks payable to a corporation that are presented for cashing by an individual.
• Corporate or government checks which show numbers that do not match in print style or otherwise suggest that the amount may have been increased.
• Checks presented at busy times by belligerent or distracting customers who try to bypass procedures.
• Checks that have dollar amounts in numbers and in words that do not match.

• Items marked “void” or non-negotiable,” that are presented for cash or deposit.

**Guidelines to Consider When Cashing Checks**

Although this list is not exhaustive, it provides a useful starting point when someone presents a check for payment.

Properly identify customers, either through personal recognition or signature and other personal picture identification. If in doubt, refer the customer to an account representative.

Be careful when paying customers, especially new customers, split checks for deposit and cash.

Require two forms of identification and list them on the back of the check. Carefully review the identification to ensure it is genuine. Be alert for people who try to distract you while you review his or her identification.

Be careful when accepting official checks drawn on another financial institution. Such items are sometimes counterfeit. The date of issue may indicate possible fraud, i.e., issued the same day or one day prior, especially if a payroll check is involved.
Refer all questionable transactions to a supervisor for a second opinion.

Be sure the customer’s account is open and has a positive balance.

Remember: A financial institution may delay cashing a check for a reasonable amount of time to verify that a signature is genuine and to make sure that it has properly identified the person presenting it. A short delay may cause a criminal to leave the financial institution without the forged or altered check rather than risk being arrested.

New Accounts Representative Training

A significant amount of check fraud begins at the new accounts desk. A new accounts representative should remember it is possible that a new customer may intend to defraud the financial institution. Financial institutions should monitor new accounts diligently and reconcile promptly any discrepancies or problems they identify. The few extra steps it takes to become familiar with a customer can prevent significant losses.

New accounts representatives should be alert to the following signs that an account may be fraudulent. These situations may not indicate a problem, but should signal to the new accounts representative that further information may be required.

The new accounts representative should be alert when a new customer provides:

- A telephone number or exchange that does not match the address or that has been disconnected.
- A home address that is outside of the financial institution’s geographic area, is a major highway, or is not a street mailing address. Such addresses include those identified by post office box, suite, or drawer identifiers.
- No employer name or an employee with no telephone number. This includes new customers who identify themselves as self-employed.
- No driver’s license.
- Identification with a birth date (particularly the year) that does not match the birth date on the new account application.
- Information that is in any way insufficient, false, or suspicious.
Guidelines to Consider When Opening Accounts

Although the following list is not exhaustive, it provides some procedures that a financial institution representative should consider when opening new accounts:

Request two forms of personal identification. Acceptable identification includes:

• Driver’s license.
• U.S. passport or alien registration card.
• Certified copy of birth certificate.
• Government, company, or student identification card.
• Credit card.

Note: Be aware that all forms of identification can be counterfeited.

Request documents on corporate accounts. Such documentation may include copies of:

• State incorporation certificate.
• Corporate resolution.
• Recent corporate federal tax return.
• List of major suppliers and customers, with their geographic locations.

Require complete information. The new account card should show street address, date of birth, driver’s license number, and social security number or tax identification number.

Verify information provided.

• Compare the date of birth on the application with that on the driver’s license, passport, or alien registration card.
• Check employment by telephoning the employer identified on the application.
• Look up the customer’s name, address, and telephone number in the telephone directory or obtain a copy of a utility bill sent to the customer’s address.

Check the new customer’s banking history. Contact the financial institution(s), with which the customer reports having had prior relationships, if any, and ask for the customer’s:

• Type of account(s) and balances.
• Listed address(es).
• Taxpayer identification number.
Use the address provided. Write a thank you letter to the new customer using the street address provided. If the letter is returned, the bank knows to investigate the account.

Visually inspect business premises. Drive by the business address to verify that it represents the type of business reported.

Determine whether the business is consistent with the account activity.

New accounts representatives should refer all inconsistencies identified and any difficulties in the new account opening process to a supervisor.

**Other Preventative Measures**

**Positive Pay**

Positive pay allows a company and its financial institution to work together to detect check fraud by identifying items presented for payment that the company did not issue. In the usual case, the company transmits electronically to the financial institution a list of all checks it issued on a particular day. The financial institution verifies checks received for payment against that list and pays only those on the list. The financial institution rejects:

- Checks not on the company’s list.
- Checks that exceed a specific dollar amount.
- Checks that carry dates long past due (stale checks).

The financial institution investigates rejected checks to find out if the items are fraudulent or in error. The financial institution pays only exception items approved by the company.

**Reverse Positive Pay**

Reverse positive pay is similar to positive pay, but the process is reversed. The company, not the financial institution, maintains the list of checks issued. When checks are presented for payment and clear through the Federal Reserve System, the Federal Reserve prepares a file of the checks’ account numbers, serial numbers, and dollar amounts, and sends it to the financial institution.

In reverse positive pay, the financial institution sends that file to the company. The company compares the information with its internal records. The company lets the financial institution
know which checks match its internal information. The financial institution pays those items.

The financial institution then researches the checks that do not match, corrects any misreading or encoding errors, and determines if any items are fraudulent. The financial institution pays only the “true” exceptions, that is, those that can be reconciled with the company’s files.

**Fingerprints**

Some financial institutions have seen a reduction in check fraud by inkless fingerprinting of non-customers who seek to cash checks. Generally, the program requires all persons presenting checks for payment, who do not have an account with the financial institution (i.e., non-customers), to provide a fingerprint or thumbprint.

The teller explains the process whenever a non-customer presents a check for payment. The teller will not accept the item if the person objects. A person who does not object to providing a fingerprint is asked to ink his or her thumb on a small pad and place the imprint in the space between the memo line and the signature line of the check being presented.

If the financial institution later discovers that the check was fraudulent or altered, it can provide the check, with the fingerprint, to law enforcement officials.

Any financial institution that implements this type of plan should adopt procedures to help ensure that it is **not** applied on a selective basis.

**Electronic Check Presentment**

Electronic check presentment (ECP) is an electronic/paper method of expediting check collection. Participating financial institutions exchange check payment information before physically presenting the checks for payment.

The depository financial institution captures payment information from the MICR line of incoming checks and immediately transmits the information electronically to the paying financial institution. Later, the depository financial institution sends the actual check according to its normal paper deadlines. During check posting, the paying financial institution identifies checks that should be returned and immediately notifies the depository financial institution.
ECP supporters believe that early notification of return items speeds up processing, controls cost, and reduces fraud.

**Data Sharing: Cooperation between Check Manufacturers and Financial Institutions**

In 1993, the American Bankers Association and the National Retail Federation sponsored an inter-industry task force, known as the BankCheck Fraud Task Force, to examine solutions to check fraud problems. The task force has developed a data sharing program for closed accounts. This program prevents people who have outstanding checks due to retailers from opening new accounts.

Participating financial institutions report all checking accounts closed for cause to a central database, called ChexSystems. ChexSystems transmits the closed account information to the shared check authorization network (SCAN) database. Participating financial institutions use the SCAN information before opening new accounts to spot repeat offenders. A participating financial institution can also use MICR information from a check presented with the applicant’s drivers license number to check the SCAN file for any previous fraudulent account activity.

**Check Security Features**

Check manufacturers help deter check fraud by making checks difficult to copy, alter, or counterfeit. Some useful security measures include:

* **Watermarks.** Watermarks are made by applying different degrees of pressure during the paper manufacturing process. Most watermarks make subtle designs on the front and back of the checks. These marks are not easily visible and can be seen only when they are held up to light at a 45-degree angle. This offers protection from counterfeiting, because copiers and scanners generally cannot copy watermarks accurately.

* **Copy Void Pantograph.** Pantographs are patented designs in the background pattern of checks. When photocopied, the pattern changes and the word “VOID” appears, making the copy non-negotiable.

* **Chemical Voids.** Chemical voids involve treating check paper in a manner that is not detectable until eradicator chemicals contact the paper. When the chemicals are applied, the treatment causes the word “VOID” to appear, making the item nonnegotiable. Checks treated with chemical voids cannot be altered without detection.
**High Resolution Microprinting.** High-resolution microprinting is very small printing, typically used for the signature line of a check or around the border, in what appears to be a line or pattern to the naked eye. When magnified, the line or pattern contains a series of words that run together or become totally illegible if the check has been photocopied or desktop scanned.

**Three-dimensional Reflective Holostripe.** A holostripe is a metallic stripe that contains one or more holograms, similar to those on credit cards. Those items are difficult to forge, scan, or reproduce, because they are produced by a sophisticated, laser-based etching process.

**Security Inks.** Security inks react with common eradication chemicals. These inks reduce a forger’s ability to modify the printed dollar amount or alter the designated payee, because when solvents are applied, a chemical reaction with the security ink distorts the appearance of the check. This makes such items difficult to alter without detection.
Sources


