

Protecting Your PAC from Check Fraud: A Strategic Approach



Check fraud is a growing threat to Political Action Committees (PACs), particularly corporate and trade association PACs. Since 2022, there has been a notable increase in fraudulent activity, with criminals leveraging advanced technology to alter and exploit checks. Even when recognized as victims of fraud by the Federal Election Commission (FEC), PACs without proper internal controls may still face fines.

To mitigate these risks, implementing strong safeguards is essential. Best practices include:



Separation of duties to reduce internal vulnerabilities.



Periodic bank reconciliations to identify discrepancies early.



Partnering with a trusted compliance firm to maintain financial integrity.

Among these measures, enabling **positive pay** on your PAC's checking account is the most effective tool to combat external check fraud. Positive pay offers unmatched protection by ensuring that only authorized checks are processed.

How Positive Pay Works

- 1 Check Submission:** The PAC or its compliance vendor uploads issued checks to the bank's online portal.
- 2 Bank Verification:** The bank cross-checks checks presented for payment against the uploaded list.
- 3 Rejection of Unauthorized Checks:** Checks not on the list are rejected.
- 4 Fraud Investigation:** The bank investigates rejected checks for fraud or errors.

Common reasons for rejection include stale-dated checks or checks exceeding authorized amounts.

Why Positive Pay Matters

If your PAC has not yet enabled positive pay, we strongly recommend discussing this feature with your banking institution. While it typically involves a fee, most PACs find the investment worthwhile to prevent fraud and financial losses.

If cost is a concern, **Aristotle** has partnered with **Chain Bridge Bank** to provide this service at no charge when you open a PAC account with them. Additionally, we can recommend other banking partners that offer free or low-cost positive pay services tailored to PACs.



Without positive pay, your PAC remains highly vulnerable to check fraud. **Aristotle encourages all our clients to safeguard your PAC's financial health and compliance standing** by implementing positive pay.