

# Preventing Fraud

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It's not always easy to spot con artists. They're smart, extremely persuasive, and aggressive. They invade your home by telephone and mail, advertise in well-known newspapers and magazines, and come to your door.

Most people think they're too smart to fall for a scam. But con artists rob all kinds of people - from investment counselors and doctors to teenagers and elderly widows - of billions of dollars every year.

Just remember... if it sounds too good to be true, it probably is.

## You Can Protect Yourself!

- Never give a caller your credit card, phone card, Social Security, or bank account number over the phone. It's illegal for telemarketers to ask for these numbers to verify a prize or gift.
- Beware of 900 numbers. People who call 900 numbers to request instant credit often end up with a booklet on how to establish credit or a list of banks offering low-interest credit cards. Such calls can end up costing \$50 or more, but consumers rarely end up obtaining credit.
- Listen carefully to the name of a charity requesting money.
- Fraudulent charities often use names that sound like a reputable, well-known organization such as the American Cancer Association (instead of the American Cancer Society).
- Ask for a financial report before you donate; a reputable charity will always send you one.
- Investigate before you invest. Never make an investment with a stranger over the phone. Beware of promises that include the terms "get rich quick," or "a once in a lifetime opportunity."

## Be a Wise Consumer

- Don't buy health products or treatments that include: a promise for a quick and dramatic cure, testimonials, imprecise and non-medical language, appeals to emotion instead of reason, or a single product that cures many ills. Quackery can delay an ill person from getting timely treatment.
- Look closely at offers that come in the mail. Con artists often use official-looking forms and bold graphics to lure victims. If you receive items in the mail that you didn't order, you are under no obligation to pay for them - throw them out, return them, or keep them.
- Be suspicious of ads that promise quick cash working from your home. After you've paid for the supplies or a how-to book to get started, you often find there's no market for the product and there's no way to get your money back.
- Beware of cheap home repair work that would otherwise be expensive, regardless of the reason given. The con artist may just do part of the work, use shoddy materials and untrained workers, or simply take your deposit and never return.
- Use common sense in dealing with auto repairs. One mechanic convinced a woman that she needed to have the winter air in tires replaced with summer air! Get a written estimate, read it carefully, and never give the repair shop a blank check to "fix everything."

## Some Classic Cons

Although con artists come up with new scams as times change, some classic scams never go out of style.

### The Bank Examiner

Someone posing as a bank official or government agent asks for your help (in person or via the telephone) to catch a dishonest teller. You are to withdraw money from your account and turn it over to him or her so the serial numbers can be checked or the money marked. You do, and never see your money again.

### The Pigeon Drop

A couple of strangers tell you they've found a large sum of money or other valuables. They say they'll split

their good fortune with you if everyone involved will put up some "good faith" money. You turn over your cash, and you never see your money or the strangers again.

### **The Pyramid Scheme**

Someone offers you a chance to invest in a up-and-coming company with a guaranteed high return. The idea is that you invest and ask others to do the same. You get a share of each investment you recruit. They recruit others, and so on. When the pyramid collapses (either the pool of new investors dries up or the swindler is caught), everyone loses - except the person at the top.

### **Protect Yourself From Telemarketing Fraud**

- Your best protection is to just hang up the phone. If you think that is rude, tell these callers politely that you are not interested, don't want to waste their time, and please don't call back - and then hang up. If you find yourself caught up in a sales pitch, remember the federal government's Telemarketing Sales Rule.
- You have to be told the name of the company, the fact that it is a sales call, and what's being sold. If a prize is being offered, you have to be told immediately that there is no purchase necessary to win.
- If the caller says you've won a prize, you cannot be asked to pay anything for it. You can't even be required to pay shipping charges. If it is a sweepstakes, the caller must tell you how to enter without making a purchase.
- You cannot be asked to pay in advance for services such as cleansing your credit record, finding you a loan, acquiring a prize they say you've won. You pay for services only if they're actually delivered.
- You shouldn't be called before 8 a.m. or after 9 p.m. If you tell telemarketers not to call again, they can't. If they do, they have broken the law.
- If you're guaranteed a refund, the caller has to tell you all the limitations.
- Remember, don't give telemarketers your credit card number, your bank account number, Social Security number - or authorize bank drafts - ever.

### **If Someone Rips You Off**

- Report con games to the police, your city or state consumer protection office, district attorney's office, or a consumer advocacy group.
- Don't feel foolish. Reporting is vital. Very few frauds are reported, which leaves the con artists free to rob other people of their money - and their trust.