

# Recognizing Scams

## National and Local Scams

Scam artists in the United States and around the world defraud millions of people each year. They use many different ways to trick you into sending money or giving out personal information. Below are several common scams for you to be aware of so you can protect yourself from these unscrupulous scam artists.

### Telephone Sales Scams

Telemarketers will call you using high-pressure tactics to solicit money for fraudulent investments, insurance policies, travel packages, charities, and sweepstakes. Fraudulent telemarketing operations are designed to limit the benefit to the customer while maximizing the profit for the telemarketer.

Tips to avoid telephone scams:

- Hang up the phone! You do not need to speak to the caller.
- Don't give out confidential information about yourself (i.e. Social Security Number) to unsolicited callers.
- Never give out your credit card number over the phone to unsolicited callers.
- Avoid phishing scams. Phishing scams occur when a scam artist pretends to be a reputable organization and requests your personal information via telephone or email. If you are unfamiliar with the company, you should check with the Better Business Bureau to make sure there are no complaints and that you are dealing with a legitimate company.
- Sign up for the Do Not Call Registry at [www.donotcall.gov](http://www.donotcall.gov). The National Do Not Call Registry gives you a choice about whether to receive telemarketing calls at home. Most telemarketers should not call your number once it has been on the registry for 31 days. If they do, you can file a complaint at this website.
- Do not give out personal information over the phone or by email unless you are sure who you are talking to and that the company is legitimate.
- If they contacted you (unsolicited), then contact them back at a number or email address that you know to be accurate.

The Federal Trade Commission's (FTC) Federal Telemarketing Sales Rule puts consumers in charge of the number of telemarketing calls they get at home. It established the Do Not Call Registry and assists consumers in reducing the number of unwanted telemarketing sales calls. The FTC established several rules including the following:

- Phone solicitations are prohibited between 9:00pm – 8:00am
- Telemarketers must tell you up front that they are selling something—and which company is doing the selling.
- All mentions of promotions, prizes or contests must be accompanied by the statement: **"no purchase is necessary to enter or win."**
- Telemarketers who are selling a credit service, such as a credit card or credit repair service, cannot ask for advance payment.
- Telemarketers may not use abusive or obscene language, threats or intimidation.
- Goods or services cannot be misrepresented or exaggerated.

- It is illegal for a telemarketer to withdraw a payment from your checking account without your written or recorded oral permission.

If you are a victim of a telephone scam, you should report it to the Federal Trade Commission at 877-382-4357.

## Imposter Scams

This type of scam occurs when you are contacted by someone posing as a government employee or governmental agency to obtain your personal information. For example, after the Affordable Care Act was implemented, scam artists made claims of sending out “Obamacare Cards” and stated they needed to obtain individual’s personal information, i.e. Social Security Number and bank account numbers pursuant to the requirements of this new law. This is incorrect, and it is a scam for your personal information to be wrongfully obtained.

### Tips to avoid imposter scams:

- Remember, there are no Obamacare cards, nor are there new Medicare cards, as a result of the New Health Care Law.
- Never provide unsolicited callers with any personal data or account numbers.
- Government agencies and legitimate organizations with which you do business already have your personal information on file.
- Unless you initiate the call, you will never be asked to provide or verify that data.
- If you get a call from someone who claims to be from the government and who asks for your personal information, hang up. It’s more than likely a scam!

## Grandparents Scam

**The claim:** Your grandchild is calling from another state or a foreign country and has been arrested, hospitalized or subjected to some other hardship.

**The catch:** It’s NOT your grandchild calling.

This is a widespread national scheme that targets older Americans and occurs year-round. Since the caller doesn’t know your grandchild’s name, the caller will greet you by saying: “Hi, it’s your favorite grandson!” so that you can fill in the blanks. Then the caller claims some hardship and urgently requests that money be wired to Canada, Mexico or elsewhere for bailout from the alleged crisis.

Don’t take the bait like thousands of loving grandparents have. If you’re not sure, ask for the family safe word (a code word shared by family members for use in emergency situations), or call your grandchild’s home or cell number to ask if there’s a problem. If the caller claims to be a lawyer, police officer or doctor helping a grandchild in need, a five-minute online search can yield the phone number of the reported law firm, police station or hospital for any call back on your part.

## Prize and Sweepstakes Scams

Fraudulent sweepstakes promoters target the elderly. These frauds generally involve informing the victim that he or she could win, or has already won, a “valuable” prize or a lot of money. The victim is required to send in money to cover taxes, shipping, or processing fees. In most cases, the prize may never be delivered or, if so, it is usually costume jewelry or cheap electronic equipment worth less than the money paid to retrieve it.

### Three important tips on avoiding prize and sweepstakes scams:

1. Never send money to pay taxes, shipping or processing fees to collect your FREE prize. If you won a prize, it's free!
2. Throw away prize and sweepstakes entries received in the mail, or delete if received electronically.
3. Also, if you received a notice that you won a prize but don't recall entering the contest, stop all communications. That is a SCAM! Remember, you must first enter the contest in order to win.

Report all violations to the Federal Trade Commission (FTC) at 877-382-4357.

### Travel Scams

You can spot a fraudulent travel offer by its rock-bottom prices and high-pressure sales tactics. Fraudulent travel offers come by mail, phone, fax, and email. Some advertise cheap trips but pad the deal with hefty fees.

You might be offered a three-star hotel but find yourself checking into a dump. A lot of travel freebies come with obligation to sit through high-pressure time-share pitches. Some promoters are crooks who take your money and run. And very few of the trips are refundable. Before buying travel packages, get the offer in writing and check out the company with the Better Business Bureau or the Michigan's Attorney General's office.

#### Tips to avoid fraudulent travel scams:

- Always use a credit card to purchase travel—that way if something goes wrong, you can dispute the charge with your credit card company.
- Never give your credit card number to someone who calls you on the phone, i.e. unsolicited callers.

Report fraudulent travel to the Attorney General's Consumer Protection Division at 877-765-8388.

### Lottery Scams

Michigan residents should be aware of lottery scams. These types of scams are often mail scams which falsely state the recipient has won a prize in the lottery. In some cases, the victim receives a letter which includes the name and logo of a legitimate game. The letter may even include a bogus check.

Surprisingly, illegal lotteries operate from locations all over the world and notify "winners" via the mail, telephone or Internet. Sometimes these scams are about lotteries in the U.S., but they can be as far away as Australia and Europe. These lottery scams violate U.S. law which prohibits the cross-border sale or purchase of lottery tickets by phone or mail.

Most promotions for foreign lotteries are likely to be phony. If you have received any correspondence touting lottery winnings, regardless of where it is from, please remember the following:

- Never give your credit card or bank account numbers to anyone promising lottery cash prizes or memberships.
- Never respond to a letter, email or phone call from someone who offers you a guarantee of winning a prize.

- If you are going to participate in a “lottery pool”, use caution and do so only with people you know and trust.
- Never redeem a lottery ticket for someone you don’t know.

#### There are several ways to identify lottery scams:

- A person cannot win a lottery without having purchased or received a lottery ticket.
- A lottery never asks you to send a processing fee to claim a prize, nor is there ever any “activation” process to claim a prize.
- Scam notifications often include a fictitious company and the names and telephone numbers of several people who work there, but when those numbers are called, a voice message is heard or there is no answer.
- Notifications may include numbers from a winning drawing and a chart indicating which number matches pay with prize amounts.

#### Report all lottery scams to the following:

- Attorney General’s Consumer Protection Division at 877-765-8388
- U.S. Postal Inspection Service at 877-876-2455
- Local police department

### Computer Scams

Never respond to an unsolicited email asking for your bank account number. One such con is the “Nigerian letter” scam. This is an old con game that used to arrive by letter with a Nigerian stamp. Now it comes by email. The sender outlines a tale involving large amounts of money they can’t access and asks you to provide your bank account number so that you can help them obtain the money. In return they promise you a cut. **THIS IS A TOTAL FRAUD.** If you respond to it – you are guaranteed to lose your money.

Report all computer scams to the Attorney General’s Consumer Protection Division at 877-765-8388.

### Home Repair Scams

Traveling contractors offer home improvement deals like roof repairs, driveway resurfacing, and exterior painting. They are rarely licensed or insured and often take large cash payments up front and subsequently fail to do any work at all, start but not finish the work, or do substandard work that requires correction.

*Note: A note of caution when having repairs done at your home. Scammers posing as repairmen or even utility workers will attempt to distract you after entering your home while their accomplice burglarizes your place. So be careful!*

#### Eight steps to help prevent home repair scams:

1. Ask family, friends or neighbors for recommendations.
2. Get at least three estimates from reputable and licensed local contractors.
3. Ask the licensee to show you his/her “pocket card” which will contain the license number.
4. Call the Michigan Department of Licensing and Regulatory Affairs (LARA) - Licensing Division at 517-241-9288 to verify that the individual or business entity is licensed.
5. Contact the Better Business Bureau to check them out before awarding a bid.

6. Ask for and verify references.
7. Call LARA's - Enforcement Division at 517-241-9590 to determine if there have been disciplinary actions against the individual or business entity.
8. Never pay more than one-third of the cost of any job up front.

## Charitable Contribution Scams

Michigan consumers should be wary of appeals that follow current events like: Hurricanes Sandy & Katrina; the earthquakes in Japan & Haiti; and the 9/11 attack. These are times when many fraudulent appeals are made that attempt to tug at people's heartstrings or take advantage of their patriotism. Contact one of the following agencies for verification that you are dealing with a legitimate charity:

Attorney General's Consumer Charitable Trust Section .....	517-373-1152
Better Business Bureau (located in Grand Rapids) .....	800-684-3222
Better Business Bureau (located in Southfield).....	248-223-9400
Charity Watch .....	773-529-2300

Some bogus charities ask for donations to groups whose names sound very similar to reputable charities, so don't be fooled by "sound-alike" names. Even if telemarketers are acting on behalf of legitimate charities, too often only a small percentage of the donation actually goes to the cause. However, non-profit and charitable organizations are required to file Form 990s each year with the Internal Revenue Service. These forms show how the organization is spending its money. The public can access the filing on the GuideStar Website at [www.guidestar.org](http://www.guidestar.org) or by calling 800-421-8656.

Report all charitable contribution scams to the Attorney General's Consumer Charitable Trust Section at 517-373-1152.

## Home Foreclosure Rescue Scam

Unfortunately, scam artists are stealing millions of dollars from distressed homeowners. Beware of a company or person who does the following:

- Asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.
- Guarantees they can stop a foreclosure or get your loan modified.
- Advises you to stop paying your mortgage company and pay them instead.
- Pressures you to sign over the deed to your home, or sign paperwork that you haven't had a chance to read, and you don't fully understand.
- Claims to offer "government-approved" or "official government" loan modifications.
- Asks you to release personal financial information online or over the phone.

### To Report a Scam:

- You may file a complaint online with the Michigan Attorney General's Consumer Protection Division at [www.michigan.gov/ag](http://www.michigan.gov/ag) or by calling 877-765-8388.
- Go to [www.preventloanscams.org](http://www.preventloanscams.org) and fill out the Loan Modification Scam Prevention Network's (LMSPN) complaint form.

*Note: The Loan Modification Scam Prevention Network is a national coalition of governmental and private organizations led by Fannie Mae, Freddie Mac, NeighborWorks America and the Lawyers' Committee for Civil Rights Under Law.*

## Health, Funeral, and Life Insurance Scams

Many older adults are concerned about having the funds to pay for needed medical care or proper burial, or to bequeath loved ones upon death. Unscrupulous salespeople take advantage of the elderly by selling them policies that duplicate existing coverage, do not provide the coverage promised, or are altogether bogus. If this happens to you, call DIFS to file a complaint at 877-999-6442.

*Note: Additionally, you should be cautious and do your homework before paying for funeral and burial services in advance. There have been well publicized cases in which funeral providers mismanaged and even embezzled the money that was paid in advance for funeral services. Check the company's reputation with the Better Business Bureau before entering into a contract.*

## Credit Repair Scams

Michigan residents are warned about companies promising that they can clean up and fix credit reports. The truth is these companies do nothing to improve a credit report and only cost consumers money. After consumers pay these companies hundreds or thousands of dollars in fees, most of them simply vanish. Furthermore, no one can legally remove accurate and timely negative information from a credit report and the FTC has never seen a legitimate credit repair company.

### The FTC's Tell-Tale Signs of a Credit Repair Scam:

- Companies that want you to pay for credit repair services before they provide any services.
- Companies that do not tell you your legal rights and what you can do for yourself for free.
- Companies that recommend that you do **not** contact a credit reporting company directly.
- Companies that suggest that you try to invent a "new" credit identity - and then, a new credit report - by applying for an Employer Identification Number to use instead of your Social Security Number.
- Companies that advise you to dispute all information in your credit report or take any action that seems illegal, like creating a new credit identity. If you follow illegal advice and commit fraud, you may be subject to prosecution.

If consumers are not disciplined enough to create a workable budget they should consider contacting a credit counseling organization or debt management company.

Report all credit repair scams to the Federal Trade Commission (FTC) at 877-382-4357.

### Five Ways to Protect Yourself from Scams

1. Don't be afraid to say no. You don't have to talk to telemarketers – hang up the phone if you are uncomfortable.
2. Call the police if you feel threatened.
3. Don't reveal your credit card, bank account or SSN# to unfamiliar companies or unsolicited callers.
4. If it sounds too good to be true, it probably is.
5. Don't be embarrassed or ashamed – fraud can happen to anyone at any age.