

## THE MOST COMMON SCAMS HITTING CONSUMERS

Year after year, the same scams pop up because people keep falling for them. Here's how to identify and protect yourself from 10 of the most common

| The Scam   | The Pitch  | The Hook  | The Catch  | Reality Check   |
|--|--|---|--|---|
| <b>Fake Checks</b>                                       | Someone, often from abroad, contacts you about an item you're advertising for sale or rent. (Sometimes a foreign company hires you, and then asks you to <u>transfer money for it.</u> ) | Buyer sends cashier's check or money order for an amount significantly above agreed-upon price, then asks you to deduct correct amount and send back refund.  | Check or money order is forged. Your bank has to deposit the money in your account within five days, but it could take weeks for check or money order to be proven a forgery. By then, you've wired refund. You bank takes phony deposit out of account. You're responsible for the wired cash plus overdraft charges, if any. | No legitimate buyer pays extra for items and expects you to refund money. If you get one of these checks, report it to the U.S. Postal Inspection Service. <a href="http://www.usps.com/postalinspectors">www.usps.com/postalinspectors</a> or 216-443-4000   |
| <b>Government Grants</b>                                 | You've won a government grant – thousands of dollars you'll never have to repay.   | You need to send money or bank account numbers so government agency can withdraw a processing fee.  | Your check is cashed or bank account is tapped. You get no materials, or you get worthless application forms.  | Governments do award grants, but almost never to private individuals or businesses. Even then, the government doesn't contact people to ask them to apply. Lists of all government grants: <a href="http://www.grants.gov">www.grants.gov</a>   |
| <b>Reshipping Scams</b>                                  | Foreign company posts help-wanted ad or responds to resume you posted on the Internet.   | Job requires you to inspect or quality check electronics or other pricy goods that are shipped to your home. Then you ship merchandise to employer or another party overseas.   | You're being used as a fence to ship stolen goods overseas. Merchandise is paid for with phony credit cards. When police inquire, all evidence leads to you.   | Legitimate businesses shouldn't need to short-stop a package at your home. Be wary of any work-at-home job that requires you to forward packages or money out of the country. Check to see whether firm is known by BBB. <a href="http://www.westernmichigan.bbb.org">www.westernmichigan.bbb.org</a> . Better yet, just walk away. |
| <b>International Lotteries</b>                           | You get a letter, e-mail or phone call saying you've won the lottery in a foreign country.   | You need to let lottery commission know how to pay you, by sending bank or other private information.   | You'll be told winnings are held up by customs. You'll need to pay several hundred dollars in taxes or customs fees. Then another glitch develops; you're asked to pay again and again.  | There is no legitimate foreign lottery that randomly selects names from around the world for jackpots. It's illegal to play foreign lotteries from inside the United States.  |
| <b>Phishing</b>  | Company sends you an alert that, because of a computer glitch or security breach, it needs to confirm your information or it will cut off service or close your account.                 | You click on link to web site where you can enter info.   | Even though web site looks legitimate and may appear to have right address, it is a spoof designed to get you to surrender info that identity thieves love. Sometimes e-mails infect your computer with viruses or spyware.  | Legitimate companies have backup tapes; they don't need to e-mail you to ask for a bank account or Social Security number. Delete these e-mails without opening them. Never send private information via e-mail link.   |
| <b>Internet Auction &amp; Escrow</b>                     | Item is advertised on Internet auction site.   | You win bidding. Seller asks you to send money to an escrow company you've never heard of. Or, you're told winning bidder backed out and you can buy the item.  | Advertised items may not exist. Sellers work through fake escrow services that take your money and disappear.  | Even though some auction sites offer fraud protection, that might not extend to offline purchases. Check seller's rating before you bid. Avoid sellers who want to negotiate offline. Use only an escrow service with a track record you can check with the BBB.  |
| <b>Poor Credit &amp; Advance Fee Loans</b>               | Get credit card or loan, guaranteed, no matter how bad your payment history is.  | You have to pay in advance.   | You pay several hundred dollars. All you get is a list of companies that issue credit cards – if scammers send anything. Usually the company operates out of Canada or another foreign country. Another red flag.  | Advance fees are illegal. Never give Social Security number or other sensitive info to anyone until you've verified company is legitimate. Steer clear of foreign companies – even those in Canada.   |
| <b>Pyramid, Multilevel Marketing &amp; Gifting Clubs</b> | You can make thousands a year with little or no work. Get in on ground floor. "It's perfectly legal."  | You pay for marketing material or start up kit and make money not on the products you sell, but by getting others to sign up. Or, you pony up money and then get others to put in cash as a "gift" but there's no product at all. | Eventually, these schemes collapse. Mathematically, it's impossible for them to keep going and only a few at the very top make money.  | Participating in a pyramid is illegal. Legitimate companies make money on sales of products, not by recruiting others to pay large sums to become distributors. Any business a promoter needs to call "perfectly legal" probably isn't.   |
| <b>Pump and Dump &amp; Investment Tips</b>               | You get call or e-mail alerting you to stock opportunity.  | Stock's about to take off, but you can buy while it is still low priced.  | These little microstocks aren't worth much. Con artists buy them cheap and artificially pump up the price through e-mail and phone calls. They profit when they sell to you. You're stuck with stocks worth far less than you paid.  | Why would a stranger let you in on a money-making secret? The folks contacting you are "shills", paid to talk up the product. Any security sold in Michigan has to be registered with the State of Michigan at <a href="http://www.michigan.gov">www.michigan.gov</a> . Better yet, just ignore these e-mails.                      |
| <b>Nigerian Letters</b>                                  | Foreigner (usually from West Africa) has found unclaimed millions he is trying to hide from government, rebels or someone else.  | He'll give you a share if you help him stash money in your bank account.  | You give him account info. He pulls fake check scam (see above). You may also be asked to send money to help move money through hurdles (as in the foreign lottery scam).  | This sounds shady. It is. Americans have been prosecuted for bank fraud when they get involved in these schemes. There is no money, only many different variations of this very old scam.   |

Contact your Better Business Bureau of Western Michigan at  
[www.westernmichigan.bbb.org](http://www.westernmichigan.bbb.org).