Don't be the victim of a

Tips to protect yourself against being swindled

Distributed by
Markt Lytle
Indiana State Representative

Con artists draw victims by using human psychology

Nobody would fall for a fraud if it looks like a fraud. Right? So, most of the time it looks like something else. A good deal, a gift, a business opportunity, or a chance to make a good buck. That's why honest citizens lose millions of dollars to con artists every year.

Most think they couldn't be tricked into handing over hard-earned money for a phony deal. But con artists are experts in human psychology. They know how to gain confidence with smooth talk in a very professional manner.

Con artists and hustlers often prey on people who are not used to making decisions about home repairs or are not knowledgeable about business investments or banking practices. But they will try their tactics on anyone!

Top 10 Areas of FRAUD

As listed by:
The North American Securities Administrators Association

1.) AFFINITY GROUP FRAUD: Investment scams targeting religious, ethnic and professional groups, perpetrated by members of the groups or people claiming to want to help them.

2.) INTERNET FRAUD: Scams using the Internet that include stock price manipulation, illegal pyramid schemes, insider trading and acting as a broker or investment adviser without a license.

3.) ABUSIVE SALES PRACTICES: Sales of securities to people who can't afford them, fraudulent securities offerings and market manipulation, often involving relatively cheap, high-risk "penny" stocks.

4.) INVESTMENT SEMINARS: Regulators are monitoring the proliferation of investment seminars and financial planners, watching for unlicensed activities and hidden fees and commissions.

5.) TELEMARKETING FRAUD: High-pressure telephone operations, known as "boiler rooms," selling penny stocks and other investments.

6.) MUNICIPAL BONDS: Risky municipal bonds secured by overvalued real estate that are marketed as "safe" general-obligation bonds.

7.) IMMIGRATION INVESTMENTS: Sales of investments portrayed as conferring "alien immigration status" on foreign nationals seeking to emigrate to the United States.

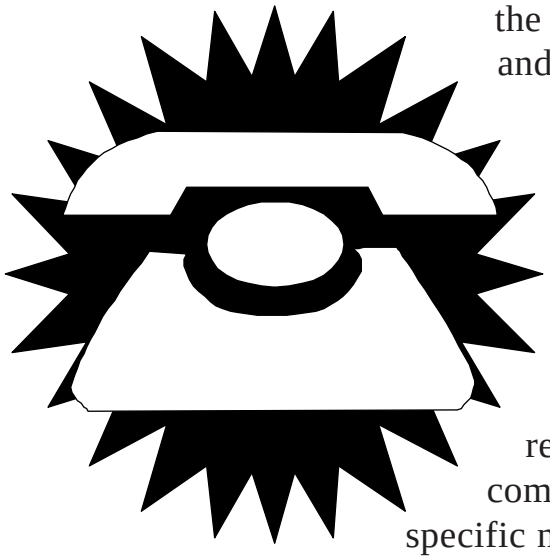
8.) BOGUS FRANCHISE OFFERINGS: Fraudulent franchise investments often are sold at business opportunity and franchise shows.

9.) HIGH-TECH PRODUCTS AND SERVICES: Misleading or illegal sales of high-tech investments with promises of high profits and minimal risk, in areas such as 900 telephone numbers or the Internet.

10.) ENTERTAINMENT DEALS: Scams touting investments in movie deals and other entertainment ventures, with promises of guaranteed profits and failure to disclose risks.

PHONE SCAM ALERT

Information about a new telephone scam has been spreading across the United States. While the following scam originated in prisons, con artists throughout the country are now using this scam to rip off you and your phone company.



The scam starts with a telephone call from an individual who identifies himself as an AT&T service technician who is running a test on your telephone line. In order to complete the test, you will be asked to enter three separate numbers in a specific order and hang up.

Luckily, someone became suspicious and refused. Upon contacting the telephone company, they were informed that entering these specific numbers, would give the caller access to your telephone line. This allows them to place a long distance phone call with the charges appearing on your telephone bill.

This scam has been originating from many jails and prisons. If you have questions, please call AT&T's customer service.

STEPS TO PROTECT YOUR PRIVACY

1.) Ask credit bureaus for a copy of your credit report, which lists companies that have asked for credit information about you. There may be a small fee. The following are a few of the major credit bureaus. Equifax at 1-800-685-1111, Experian (formerly TRW) at 1-888-397-3742 or Trans Union at 1-800-888-4213.

2.) Stop receiving unsolicited "pre-approved" credit-card offers. Under a new law, all it takes is one phone call to have your name removed from credit-bureau mailing lists: For Equifax, 1-888-567-8688; Experian, 1-800-353-0809; Trans Union, 1-800-680-7293.

3.) In filling out credit applications, look for a box that says this information is not to be disseminated.

4.) Do not disclose personal information to retailers, such as your phone number and address. This information is often sold to both phone and direct-mail marketeers.

5.) If possible, avoid litigation, such as filed tax liens against you, which become public domain.

6.) Avoid grocery purchases with a savings club card or credit card. Together with scanners, this tells marketeers your buying habits.

7.) Request security codes (a number or a password) for your telephone and bank accounts. Potential intruders must repeat the password to gain access.

THE "PIGEON DROP" SCAM

One scam often used by scam artists is known as the "Pigeon Drop." Here's one account of how one elderly woman lost $5000 to this scam.

The con started when the senior was approached in the parking lot of a grocery store by a woman about 40 years old who claimed to have found a wallet containing $100,000.

This woman asked the victim if the wallet belonged to her. As the two were talking, they were approached by another woman wearing a white nurse's

uniform (Scam artists usually work in teams during pigeon drops).

After determining that the nurse wasn't the wallet's owner, the woman said that she was going to take the money to a friend who was a banker.

All three women got into the victim's car and drove to the bank in question. The offender went in and out of the bank a couple of times, and eventually told the victim she needed some "good faith" money to secure the found money at the bank.

The crucial element in a pigeon drop scam is that the scam artists tell the victim that they need money to secure the found money, which they will split among themselves later.

The victim withdrew $2,000 from her bank account and cashed a money order for $3,000. The scam artists finally separated the victim from the $5,000 by telling her that she needed to go into the bank to sign some papers.

The victim entered the bank, where employees didn't know anything about the other woman. By the time the victim exited the bank, the other two women had left the area with her $5,000.

BOGUS REPAIRMEN INVADE HOMES OF SENIOR CITIZENS

In the phony home improvement scam, the con artist will pose as a contractor and offer to do home repairs at extra low rates. They then use one of several ways to rip off the victim. They can demand a large down payment, then never return to do the work. They also can find a reason to enter the home and steal personal belongings, including any cash they might find.

The following is an account of two separate attempts to scam elderly women by pretending to be contractors. Fortunately, both women came out of the scams unscathed and without a loss of property.

The scam began when a man knocked on the back door of one victim's apartment and told her he was taking measurements to install new doors in the building.

The woman let the man into her apartment, then left to get assistance from a neighbor. When she returned to her apartment, she saw a second man exiting her

bedroom. The woman told police nothing was missing from her apartment. The men said they would return later.

These scams are called ruse-entry scams because the perpetrators use a ruse, such as needing to measure doors, to gain entry. Once inside, they work as a team, with one person ransacking the residence while the other distracts the victim.

The second would-be victim told police that two men arrived at her house and said they were from a tree-trimming service.

The woman let the men inside. But when she realized it was a scam, they left without taking any items or money.

Police stated that the onset of spring is usually a prime time for such scams as home improvement projects.

Telemarketing Scams Rake in Billions from Seniors

Phony sweepstakes prizes offer scam artists open access to their victim's life savings. Here is how an elderly man was victimized over the last several years of his life.

The nursing home bills for his wife's care were mounting when the letter arrived telling this man he was a finalist to win big money.

So he sent in an entry fee for the sweepstakes, purchased what the company told him he needed to buy to be eligible and waited to collect.

But the only thing that came was more letters, that the man answered with more cash.

It wasn't until the 89-year-old retired music teacher died four years later that the man's daughter found thousands of dollars in canceled checks, cheap sweepstakes prizes and reams of letters as she cleaned out her father's home.

Nationwide, people lose an estimated $4 billion in mail scams and $40 billion in telemarketing fraud each year. Too often the intended targets are older Americans like Hentsch.

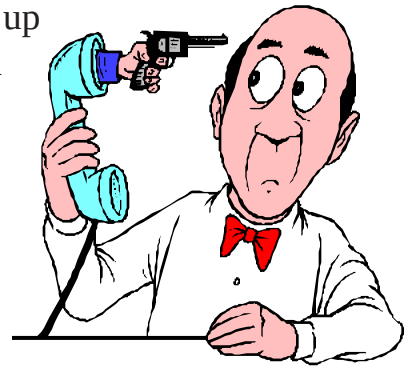
"We estimate that, conservatively, 50 percent of the time, these people victimize the elderly," said Chuck Owens, chief of the FBI's Financial Crimes Section in Washington. "To me, that's the real crime here."

"Many times you've got senior citizens who basically need the money that they've

saved to continue to provide for themselves in their elder years, and we've had numerous instances where they've taken every cent," Owens said.

But the FBI, state authorities and the American Association of Retired Persons are fighting back with counteractive measures and tougher laws, and they are seeing signs of success.

"We're turning the tables on these con artists and telling them, 'We're not going to take it. If you come in contact with us, you may end up getting turned over to the law," said Ted Bobrow, an AARP spokesman in Washington.



Federal mail and wire fraud charges, which had a five-year maximum penalty, now carry an additional five years for telemarketing fraud or an additional ten years if ten or more senior citizens are targeted.

A law passed in 1995 also allows states to go to federal court to get a national injunction to prevent companies from moving on under a different name after being banned in one state.

Authorities say older Americans are easy targets because they are often home during the day when calls are made and often are too polite to hang up on someone.

Folks who are a little bit older grew up a little bit different than those raised in the '60s and '70s, who questioned authority.

Older citizens grew up with respect for leaders and respect for authority. Many view some of these phone calls as coming from an authority figure, someone who appears to have more information than they do about something.

Phony Customs Agents also Prey on Elderly Victims

Some scam artists are taking their victims for millions of dollars each year by posing as U.S. Customs agents.

Like most telemarketing frauds, it targets older Americans. The potential victims have one thing in common: They have all filled out sweepstakes entries, leading crooked Telemarketers across the border in Canada to conclude the Americans will fall for a get-rich-quick scheme that claims they've won a sweepstakes.

Here's the way the scam works: A telephone caller tells an older American that he or she has won $100,000 or so in a sweepstakes.

He claims he's a Custom Service agent -- he's not, which is why the Customs Service is incensed. He says he's stationed on the U.S.-Canadian border, and that he has a $100,000 prize check for the person.

But there's a catch, naturally. He tells his victim that the check can't be delivered until "taxes" are paid, and asks for several thousand dollars to "pay" them.

Phony telemarketers are trying the ruse on Americans in all parts of the country. Over the past year, older Americans have lost at least $15 million...

It's all phony, of course. He's actually a fast-talking crook who is violating U.S. laws, and there isn't any prize check because the victim hasn't won anything.

But the lure of winning big money often overwhelms common sense. They run excitedly to the bank and send off thousands of dollars. Yet the $100,000 check they think they'll get never comes.

Phony telemarketers are trying the ruse on Americans in all parts of the country. Over the past year, older Americans have lost at least $15 million, estimates Jeff Jordan, at the Washington headquarters of the Customs Service.

One victim, a businessman in his sixties who lives in a Chicago suburb, was one of them. The first caller, who claimed to be a customs agent on the New York - Canadian border, said he received a $100,000 check for him but that he had to return it to the sweepstakes company because accompanying papers weren't in order.

In light of the first call, the second call from a woman who claimed to be from the sweepstakes company, sounded authentic.

She told the victim that he owed $7,000 for "taxes," but that he would only have to send $1,000 at that time to receive a $100,000 check. He did. Then she called back and said he would have to send another $2,400. He did. Then she wanted another $3,600, and got it, followed by another $1,700. Still, the victim hadn't received the promised $100,000 check.

His misery ended when police, who had intercepted one of his "payments," called and told him it was all a ruse and that he had been robbed.

He was lucky: He still had some money left. Officials said seven Chicago-area residents lost their life's savings through this scam.

As scams go, this one is relatively modest. Every year Americans, mostly over 65, collectively lose tens of billions of dollars to scams, with estimates as high as $40 billion a year. Individual victims, however, see nothing modest about the Canadian hoax. Each typically loses $8,000 to $10,000.

What gives this flim flam a special aura of authenticity is that the crooks audaciously claim to be law enforcement officers – Customs Service officials. And when the promised $100,000 checks never come, who do the victims blame? The U.S. government, not the crooks.

The Customs Service doesn't operate that way. They never solicit money. The people involved in this swindle work from "sucker lists" that they've purchased from other illegal or sleazy telemarketers.

Why do they call from Canada? It's because they're less likely to be successfully prosecuted if they call from across the border than from inside the United States.

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That's because the Canadian criminal code hasn't been changed to combat telemarketing fraud. Prosecutors have to file a separate legal case for every individual the telemarketers defrauded. By contrast, in the United States, legal authorities can bundle all individual instances of fraud into one massive case.

A second reason is finite resources. There is no money to prosecute fraudulent telemarketers in Canada. Violence, drug dealing and other crimes take precedence.

But Canadian police are recovering some of the "taxes" that defrauded Americans are sending these crooks. When they learn of commercial mail boxes that are getting a lot of shipments from America, they conclude something fraudulent is going on, and ask the operator of the facility to turn the mail over to them. In almost all cases it is done.

Police estimate they seize an average of $15,000 to $20,000 before it gets to the crooks," Knight says. "But that's maybe only five to ten percent of the total amount that we're picking off."

Authorities warn older Americans that, no matter how sincere the person on the other end of the telephone sounds, they should not send money to callers and organizations they do not know. There's a pretty good chance the whole thing is phony.

Profile of an Elderly Confidence Crime Victim

The following statistics are taken, in part, from a law enforcement survey on confidence crimes affecting our nation's older adults. The study was conducted by AARP (the Ardus Foundation) and Eastern Michigan University.

The three major crimes covered in this survey were the Bank Examiner Scams, the Home Improvement Scams, and Pigeon Drop offenses.

VICTIMS:

• Gender:	Female = 77%	Male = 23%
• Age:	65-79 = 92%	80 and over = 8%
• Race:	White = 90%	Black = 7% Hispanic = 3%
• Marital Status:	Single = 69%	Married = 31%
• Residential Status:	Reside Alone = 74.6%	Live with others = 25.4%
• Employment Status:	Unemployed = 93.2%	Employed = 6.6%
• Friendly to Strangers:	Acknowledge Strangers with a greeting or a smile = 69%	

CRIMES:

• Initial Contact :	At Home = 64.6% On Street = 10%	At a Store or Mall = 21% At Work = 4.4%
• Time of Day :	7 a.m. to Noon = 56.3%	Noon to 5 p.m. = 41.6%
	5 p.m. to 9 p.m. = 3%	
• Day of Week :	Weekdays = 94.6%	Weekends = 5.4%
• Season :	Spring = 49%	Summer = 30%
	Fall = 11%	Winter = 10%

SUSPECTS:

- Size of Team : Only one suspect = 8.3% Two or more Suspects = 62.3%
  Three or more = 30%
- Race : White = 45% Mixed Racial/Ethnic = 38.3%
  Black = 13.6% Hispanic = 2.6%
- Gender : Males = 53% Mixed Gender = 29% Females = 8.3%

HOME REPAIR SCAMS:

- Location : City = 47% Suburbs = 42% Country = 11%
- Neighborhood Income Level: Middle = 81% Lower = 11% Upper = 8%
- Condition of Home : Well-Maintained = 64% Not Well-Maintained = 36%
- Alleged Problem : Driveway = 46% Roofing = 45%
  Other = 5% Siding = 2%
  Furnace = 1% Foundation = 1%
- Outcome (losses) : $1,000 - $5,000 = 61% $5,000 - $10,000 = 20.6%
  Under $1,000 = 16.3% Over $10,000 = 4%

LAW ENFORCEMENT :

- What officers see for the future : More Problems = 59%
  Remain the Same = 37%
  Fewer Problems = 5%

SUMMARY :

In a nutshell, the average fraud victim is likely to be a friendly white female between the ages of sixty-five (65) and seventy-nine (79), who resides alone in a well maintained middle-class neighborhood. She will most likely be approached at her home between 7:00 a.m. to noon on a weekday, by two or more white male suspects who will claim that her home is in need of repair. She will be swindled out of $1,000 to $5,000.

How to Avoid Scams

To avoid falling victim to a home or auto repair scam, the Chicago Crime Commission suggests the following tips:

- If it sounds too good to be true, it probably is.
- Never agree to work you didn't order. Every reputable workman is booked during the height of the repair season.
- Never do business without a reference.
- Ask the workman if he accepts credit, and if he can return on another day.
- Find out if the workman is licensed and bonded.
- Never be afraid to call the police. Officers are always happy to check out the credentials of a workman in their area.

Remember! The Best Way to Stop Fraud is to be Informed!

- Getting something for nothing means just that - the criminal gets your money and You get **NOTHING**.
- A legitimate sweepstakes has a "no purchase necessary" rule.
- It is **ILLEGAL** to ask you to pay **ANYTHING** to enter a contest, or to win a prize. If you are told you must pay, your chances to win just became ZERO.
- Resist high-pressure sales tactics.
- The criminal knows he must keep you from thinking - or you just might see right through the scam. The best thing to do is to end the call.
- If you don't want the caller to call you again - say so.
- Then if he/she does call back, hang up - he/she is breaking the law.
- Take your time.
- Ask for written information about the product, service, investment opportunity, or charity. If the caller refuses, or makes it sound complicated or time consuming - you should be wary.

- Keep information about bank accounts and credit cards to yourself.
- If you didn't make the call, don't provide this information.
- There are NO known legitimate recovery operations.
- If you've been swindled, never pay money up front to anyone who promises to get your money back.

If you are asked to make a contribution to a cause or charity, ask the caller the following questions:

- What is the purpose of your organization/Exactly what kinds of programs and services do you provide in order to carry out this purpose?
- Does your group provide services in my state or local community?
- If it is a police or fire fighter group, does any of the money benefit local departments? How much, or what percentage?
- What percentage of my contribution goes toward salaries or other administrative costs? Is that stated in writing? Where?
- Are you a paid solicitor or a volunteer?
- Does your organization have an annual report that contains a detailed financial report? Is there other written information I can review? (If they say they have documents, ask for copies - and read them.)
- Is your group registered in my state? Where? (If you are intersted in this benevolent organization or charity, check it out before sending your money.)
- Will my donation be tax deductible? (Ask for a copy of the charity's exemption letter, or call the Inernal Revenue Service at 1-800-829-1040 to verify whether the group is exempt. If they are not exempt under 501 C3 of the Internal Revenue Code, your dontation is not tax deductible.)

If the caller is unable to answer these questions, or does not provide reasonable information, it's highly likely that you're dealing with a con artist. To protect yourself, insist upon reviewing written material before making a decision to donate. Don't be pressured into making an immediate decision - if they're legitimate, they'll be there tomorrow.

Finally, do all you can to join others who want to stop telemarketing fraud. Report any questionable contacts to the National Fraud Information Center at 1-800-876-7060. Also call your state Attorney General's office.

FRAUDULENT TELEMARKETERS ARE CRIMINALS:

DON'T FALL FOR A TELEPHONE LINE!

To fight these criminals, follow the AARP's list of Telemarketing DO's and DON'T's.

These are things you should DO:

- Ask telemarketers for the name and address of their company, and a clear explanation of the offer they are making;
- Ask the caller to send you written material to sudy, including the money back guarantee, before you make a purchase;
- ask about the company's refund policies.
- Call the Better Business Bureau, your state Attorney General's office, or the local consumer protection service in the state or city where the company is located, and ask if any complaints have been made against the firm;
- Talk to family and friends, or call your lawyer, accountant, or banker and get their advice before you make any large purchase or investment.
- Ask that your telephone number be removed from the telemarketing list if you don't want to be called. Then, if the calls continue, contact the police - it's illegal to call a person after they have been asked to be removed from a list.
- Report suspicious telemarketing calls, junk mail solicitations, or advertisements - call the National Fraud Information Center at 1-800-876-7060.

These are things you should NOT DO:

- Don't pay for any prize or send any money to improve your chances of winning. It's illegal to ask you to pay to enter a contest.
- Don't allow any caller to intimidate you or bully you into buying something "right now." If the caller says, "You have to make up your mind right now," or "We must have your money today," it's probably a scam.
- Don't give any caller your bank account number. They can use it to withdraw money from your account at any time without your knowledge and/or permission.
- Don't give your credit card number to anyone over the phone unless you made the call.
- And never wire money or send money by an overnight delivery service unless you initiated the transaction.
- Follow the DO's and DONT's to reduce your chances of becoming a victim of a telemarketing fraud.
- Call the National Consumer League's National Fraud Information Center at 1-800-876-7060 if you need help or suspect fraud.