

The Federal Trade Commission reported that 30.2 million American adults (13.5%) were victims of fraud in 2007. Among the top ten frauds in 2007 were fraudulent weight-loss products (4.8 million victims), foreign lottery scams (3.2 million), work-at-home programs (2.4 million), unauthorized billing (1.8 million), advance-fee loans (1.7 million), and credit repair scams (1.2 million).

Frauds evolve in an attempt to adapt themselves to current situations. The concept of fraud may be the same, but people who commit frauds alter their approaches and methods of operating. Fraud artists will utilize any circumstances to make their deceitful programs attractive and believable to consumers. When the economy is booming, credit scam companies offer scammed credit repair services. In recession times, these “companies” camouflage themselves as mortgage repair companies. Consumers’ new concerns and rampant use of the Internet have given rise to novel frauds.

Being an alert consumer is the first step in self-defense. Many problems can be avoided by recognizing fraudulent schemes and the tactics that are used to cheat consumers out of their money.

While the forms of fraud may change from time to time, the tactics employed by fraudsters are similar. They strive to obtain your personal information and money by focusing on fear, urgency, safety, financial needs, and health concerns. To protect yourself from ever-evolving fraud schemes, take the following precautions.

- 1. Verify:** Before agreeing to any transactions, including online ones, check with officials—the local police department, Attorney General, Better Business Bureau (BBB), or consumer protection offices. You may also check with your friends and neighbors. Ask for credentials and references. For Internet transactions, some ways to determine if a company is legitimate include having “https” in the Web site address (“https” indicates a secure connection, while “http” may not be secure) and double-checking the Web site address.
- 2. Take Your Time:** Shop around for services or products and compare prices and quality. Avoid any deal that pressures you into making a decision immediately.
- 3. Contract:** Do not sign any contract without reading it carefully or any contract with blank lines or spaces. A fraud tactic is to add damaging information in these blank spaces. If you have questions, consult your lawyer or someone you know and trust.
- 4. At Your Door:** Do not conduct business with someone who appears at your door or sends you an e-mail uninvited.
- 5. Payment:** Do not provide your credit card or bank account numbers to anyone over the phone unless you initiate the call. Do not pay for services before you receive and are satisfied with them.

<sup>1</sup> Family Resource Management Specialist, Department of Extension Home Economics, New Mexico State University, Las Cruces.

6. **No, Thank You:** It is fine to put the phone down or close your door in a polite but firm manner, but this may require some practice. For Internet scams, learn how to disregard catchy e-mails, banners, and pop-ups.
7. **Too Good:** Be wary of promises of goods or services at “special” prices, prizes that require a payment or service charge, or “free” offers. Remember, when an offer sounds too good to be true, it usually is! Be cautious, however, because these con artists may have responded to this notion: A fraud offer may purposely be adjusted so that it does not look like too good of a deal. The fraud artists may go so far as creating professional-looking Web sites and real-looking blogs with believable comments.

Below are some examples of the latest frauds.

### **MORTGAGE RESCUE REPAIR**

Con artists know that distressed homeowners are easy targets for their easy money. Two main fraudulent avenues are requiring troubled homeowners to provide large upfront fees and signing documents that lead to handing the house over to these con artists. With either way, these con artists convince people of their ability to prevent a home foreclosure by lowering the mortgage balance, monthly mortgage payments, and interest rate while possibly taking advantage of tax incentives and the federal economic stimulus package.

In reality, homeowners may request a mortgage modification from their loan officers or lenders at no cost. Mortgage companies actually do not like foreclosures because they will lose money. Fraudulent mortgage loan servicers who promise to work wonders may use pressure tactics such as making you sign a stack of documents that includes handing over the house ownership, emphasizing that the fraud solution is the only out, and singling out the need to act fast.

### **ECONOMIC STIMULUS PACKAGE**

Taking advantage of the stimulus package provided by the government has allowed con artists to pave trails to prey on people. The main methods include phone calls, Web sites, and Web site pop-ups. The goal of con artists is to extract money by obtaining

personal information from consumers. Personal information such as address, Social Security number, and credit card number would be used for identity theft-related crimes. Your Social Security number may be further used by these fraudsters to apply for more credit cards under your name.

Fraudsters have many creative ways to derive this information from consumers. They may create fake Web sites with believable advanced features and names (e.g., publicgrantservices.com) to attract consumers. Consumers may also receive phone calls indicating that they may be approved or even pre-approved for federal grant money up to \$25,000 with a catch that they need to provide a \$385 underwriting fee. In blogs or Web sites, seemingly random people can leave comments or provide endorsements on how great these companies have been. An example of a recommendation is, “I got my stimulus check in the mail in less than ten days.” Needless to say, such comments and endorsements are fraudulent and are simply a way to get consumers to buy into a scheme.

Another way these con artists can obtain your personal information is by selling—sometimes for as little as \$2—a list of stimulus package benefits or programs that you may be qualified for. This seems to be a good deal given that the expected payout may easily exceed thousands of dollars. What these fraudsters are actually doing is collecting your credit card information.

The government does not charge for grant information. An easy way to verify if a Web site is legitimate is by checking a Web site’s URL (Web site address). The ones that end with “.gov” are government sites.

### **CREDIT-RELATED FRAUDS**

Credit card-related frauds surface in many forms, including freebies (t-shirt, lunch) for filling out a credit card application or waiters in a restaurant stealing your credit card number. In a practice rampant in colleges, individuals set up their tables where they provide a coupon for a free lunch or free t-shirt when people sign up for their credit cards. Young college students who are unaware of this dirty tactic provide their Social Security numbers and other personal information in these credit card applications. This information is in turn used by fraudsters to apply for credit cards under the students’ names, which are then used by these fraudsters.

Sellers, merchants, and their representatives are required to swipe your credit cards for transactions. Problems arise when irresponsible individuals steal your credit card information when your credit cards are in their hands. Restaurants are fertile ground for this practice because waiters take the credit card away from the card owner's view in order to swipe the card.

In mortgage and other credit markets, fraudsters are capitalizing on the economic slump by guaranteeing loan approvals even for people with credit problems. The fraudsters usually charge large upfront non-refundable fees when you apply for the loans. Your loan application may fall through or be approved under ridiculous conditions (e.g., high interest rates, strict repossession conditions).

### **WORK-AT-HOME SCAM**

This con job attracts people because of its flexibility of hours, ability to work from home, and relatively good pay. Advertisements on the Internet, on bulletin boards, and in newspapers usually focus on the possible pay per week—as high as \$1,000. The jobs advertised appear to be very simple ones that anyone could perform, such as processing payments, shipping items, or assembling decorations.

A few things may happen: You may be required to provide a self-addressed, stamped envelope with a small amount of payment (e.g., \$50). After completion of the required tasks, your supervisor may refuse to pay you, saying that your service was inadequate. Your phony employer may also steal your bank account and Social Security numbers from the job application forms you completed.

You may experience a huge financial loss if you have to conduct fraudulent financial transactions in banks. Your employer may actually send a check for your small commission, and afterwards a larger check for the fraudulent money transfer. Your employer may emphasize the urgent need to transfer the money immediately. Based on trust built from the small commission check that has yet to be cashed, you may be compelled to transfer money from your bank account. After completion of the money transfer, you would find out that the check given by your employer is a counterfeit. Since you are by law responsible for the financial transaction you initiated, money transferred to your made-up clients would come from your own bank account.

### **"MYSTERY SHOPPER" SCAMS**

This scam operates very similarly to the money transfer type of work-at-home scam in that both involve money transfers and fake checks. The fraudsters may post their advertisements online with a professional-looking website. Job applicants are required to provide their personal information when applying for the job.

Your "mystery shopper" supervisor would assign you to deposit a cashier's check with a chunk of it going as an advance payment for your service. For example, the check may be for \$2,500 with a \$200 advance payment for your service. Part of your assignment would be to immediately wire \$2,300 from your bank account to your supervisor's colleague before their cashier check would be "cleared" and to evaluate the wire transfer process. Weeks later, after receiving a confirmation that the cashier's check is a counterfeit, you would be responsible for the money transferred. Not only would you have lost the \$2,300, your personal information would have been stolen by fraudsters in the job application process.

### **"PLEASE CONFIRM" SCAMS**

Different types of scams may be grouped under this "Please Confirm" scam category because the fraudsters contact you via e-mail or phone calls, asking you to confirm some personal information. The fraudsters include scary phrases such as "security update purposes," "deactivation of e-mail if confirmation not made immediately," and "financial account suspension." The con artists add legitimacy to their e-mails or phone calls by exerting urgency in their voice, including the officer's contact information, and inserting company logos (e.g., PayPal, BBB) in the e-mail. Again, the goals of these fraudsters are to obtain your Social Security number, credit card information, and account password to steal money from you directly or via identity theft.

### **STOLEN CARS SCAM**

The main problem with this fraud is that the fraudsters have fashioned this fraud so professionally that it is almost impossible for consumers to detect. What happens here is that stolen cars are being sold to consumers, usually at a bargain price. Normally, consumers can use a car's Vehicle Identification Number

(VIN) to check a used car's history report, which includes information on whether the used car has been stolen, junked, or involved in an accident.

In the stolen car scam, fraudsters make fake VINs for the stolen cars by stealing VINs from similar cars found in public areas; these stolen VINs would check out to be fine by consumers. If a consumer purchases one of these stolen fraudulent cars and the car is found by the police, it would be impounded and returned to its rightful owner, leaving the consumer at a great loss. A way to prevent this from happening is to check for any signs that the VIN and its area have been tampered with. Also, look for signs that stickers at the door area have been altered.

### **INTERNATIONAL- AND IMMIGRANT-RELATED FRAUDS**

International and immigrant individuals are likely to be targets of consumer fraud due to their inexperience and unfamiliarity with the U.S. market. The available market for this population is limited due to language barriers and undocumented immigration status, factors manipulated by fraudsters. Among the main frauds that have been affecting these populations are purchasing stolen vehicles, acquiring inadequate houses, choosing car insurance plans, bail-out processes with bonds, and phone card service.

### **HOW TO COMPLAIN ABOUT FRAUD**

The best way to stop consumer fraud is to complain to the proper authorities. If you suspect a fraudulent scheme, contact

The Consumer Protection Division  
Attorney General's Office  
P.O. Drawer 1508  
Santa Fe, NM 87504  
505-827-6060  
Toll free: 1-800-678-1508  
Fax: 505-827-6685

**NM online consumer complaint form:**  
<http://www.nmag.gov/office/Divisions/CP/ConsumerComplaint.pdf>

**NM online consumer complaint form (in Spanish):**  
<http://www.nmag.gov/office/Divisions/CP/ConsumerComplaintEspanol.pdf>

If the fraud complaint involves federal laws, you may contact the appropriate federal agency at <http://www.pueblo.gsa.gov/complaintresources.htm> and/or contact the Federal Trade Commission (FTC) at

FTC Consumer Response Center  
Washington, D.C. 20580  
1-877-FTC-HELP (1-877-382-4357)  
[www.ftc.gov](http://www.ftc.gov)

Complaints about e-commerce involving many countries may be lodged at [www.econsumer.gov](http://www.econsumer.gov)

It is very important that you file complaints to document the frequency of fraud and abuse so that appropriate actions can be taken against these individuals or companies. If you are not sure where to file your complaints, you may ask or file your complaints at any of the agencies above. Their officers can provide assistance on your complaints, including the best place to submit your complaints. Assistance in Spanish may be available at these organizations.

*Original authors: Constance Kratzer, former Extension Family Resource Management Specialist, and Jackie Martin, former Extension Family Finance Specialist.*

Contents of publications may be freely reproduced for educational purposes. All other rights reserved. For permission to use publications for other purposes, contact [pubs@nmsu.edu](mailto:pubs@nmsu.edu) or the authors listed on the publication.

New Mexico State University is an equal opportunity/affirmative action employer and educator. NMSU and the U.S. Department of Agriculture cooperating.