

Fraud Alert

Educating South Carolina's Consumers

A Publication of the South Carolina Task Force on Fraud



www.scconsumer.gov

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A hand out! Not all charitable donations go where you think

You may think your charitable monies are being directly transferred to the non-profit organization of your choice. What you may not know is that a number of charities outsource their fundraising activities to other companies. Some are even out-of-state companies.



A helping hand, not a hand out! Make sure your money goes where it is supposed to.

Non-profit companies may choose to outsource their fundraising in order to more efficiently concentrate on their mission or maximize the skills of fundraising professionals in soliciting contributions. For others, third party companies are a convenient means of delegating the more time-consuming aspects of fundraising.

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Telephone scammers pretending to be from Medicare making calls in S.C.

The Department has received several calls from the Upstate in the past week from consumers who were told their Medicare account numbers had been changed.

Although the caller knew the persons' names and addresses (generally easy for scammers to obtain), the alert consumers became suspicious when asked

for sensitive information such as Social Security and bank account numbers.

Consumers should be aware that no government agency will ever contact you by

telephone and ask for sensitive and identifying information. Seniors and caregivers of seniors are being targeted with

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health
SCAMS

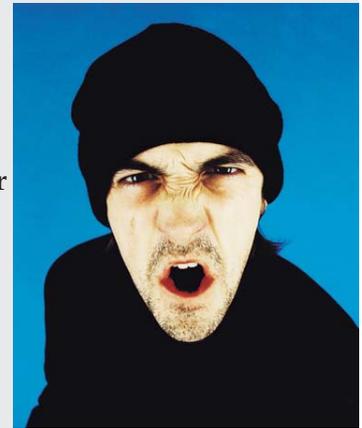


FBI's Internet Crime Complaint Center names top scams of 2007

Pets, romance, and secret shoppers are each among the top scams used by Internet con artists in 2007, according to a

comprehensive report detailing online crime just issued by the Internet Crime Complaint Center (IC3).

The report provides a complete breakdown of statistics on Internet crime in



2007. For the year, total complaints were down slightly with 206,884 submissions, but total losses were at their highest level ever, nearly \$240 million.

For a complete breakdown of the Internet Crime Complaint Center 2007 report go to www.ic3.gov/media/annualreports.aspx and click on 2007 IC3 Annual Report.

Here's a rundown on how these scams generally work, along with other common frauds described in the report:

Pet Scams

How it works:

You see an online or newspaper ad selling a pet and send in your money, plus a little extra for delivery costs, but you never get the pet. The scam artist takes your money and runs.

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Fraud in South Carolina



The following are a sampling of recent consumer reports of attempted scams or fraudulent activity in South Carolina. Consumers are advised to be on the lookout.

Landrum – A person claims to have received a phone call claiming to be from a local credit union, asking for personal information such as their bank account and social security numbers.

Charleston – A woman says she received mail, stamped from Canada, requesting she send in money to be a secret shopper. While there are some legitimate secret shopper services, consumers should never pay money upfront.

Columbia – A man says he received a call claiming he was eligible for a \$25,000 business grant, but he would need to pay several hundred dollars upfront for administrative costs. The man says he has never applied for such a grant and does not own a business. An authentic grant never requires up front fees and will require you to apply for it.

Greenville – Another version of the Nigerian e-mail scam was reported. This version claims to be from a military general who needs help moving several million dollars.

Pawley's Island – Another version of the infamous Nigerian e-mail scam was reported. This version claims to need money to be transferred from Great Britain into the United States.

Megget – A woman reported receiving a postcard labeled HIGH PRIORITY Claim Center instructing her to send money to a PO Box in Charleston, SC in order to receive a prize they were holding for her. The woman said she has entered no sweepstakes and has no claims to any prize. Furthermore, you never have to pay to claim a prize in any legal contest or sweepstakes.

Gaston – A man says he received an article of mail from Global Cash Registry instructing him to send a thumbprint for prize verification. The return address was a PO Box in Miami, Florida. Never send personal information, including thumbprints, to unknown parties.

Conway - A consumer called to report a scam trying to get bank account information by telling the consumer they needed to purchase a supplemental card to use with their Tri-Care or MediCare card. The scammer said they would no longer be able to use their current cards if they did not purchase this mandatory supplemental card issued by the

government. The scammer offered the card to the consumer for a flat fee of \$29.00. After checking with MediCare, the consumer confirmed that the calls were indeed a scam.

Greenwood – A man says he attempted to buy a World War II video that he saw advertised on a television commercial. He called the number to buy and went through the purchasing process only to find out that the price quoted in the commercial was significantly less than what was being billed.

Columbia – A woman reported receiving a letter in the mail claiming her vehicle insurance would be terminated if she did not send a check for \$650 immediately. When she called the contact number given in the letter the scammer could not tell her who her insurance carrier was or why it was being canceled.

Columbia – A woman reported receiving a suspicious call from a man with a foreign accent claiming to represent Medicare and needing sensitive information – social security number, bank account number – or her Medicare account would be terminated.

Columbia - A woman reported receiving a mystery shopper scam letter. The letter instructed her to cash a fake check and send several thousand dollars back to the company.

Columbia - A man reported receiving a letter asking for his social security number and birth date so that he could be reissued a Medicare card.

Columbia - A woman complained of fraudulent and deceptive employment advertisements being placed on several prominent Internet job search websites.

Caller selling “auto warranty” only guaranteed to steal your money

The Department of Consumer Affairs has received a number of calls from consumers regarding an auto warranty scam.

The consumer is told via mail or phone that the factory warranty on their vehicle has expired. Consumers are asked for their account number and/or other sensitive information to extend the warranty.

The scam is nothing more than an attempt to steal personal information. The consumers that have notified the Department did not even have current factory warranties in the first place.

House stealing - it's not an urban legend

House stealing sounds like an urban legend, but it happens.

The combination of two popular rackets, identity theft and mortgage fraud, house stealing can sweep your home right out from under you.

Here's how it generally works:

First - The con artists start by picking out a house to steal. Often it's a house that appears abandoned, though there have been cases where the owner was simply on an extended vacation.

Next - They assume your identity, getting a hold of your name and personal information, and use that to create fake IDs, social security cards, and other documents.

Then - The thieves go to an office supply store and purchase forms that transfer property.

Finally - After forging your signature and using the fake IDs, they file these deeds with the proper authorities, and lo and behold, your house is now THEIRS.

There are some variations on this theme:

Con artists look for a vacant house—say, a vacation home or rental property—and do a little research to find out who owns it. Then, they steal the owner's identity, go through the same process of transferring the deed, put the empty house on the market, and pocket the profits.

Or, the fraudsters steal a house a family is still living in...find a buyer (say someone who is satisfied with a few online photos)...and sell the house without the family even knowing.



House stealing is still a relatively rare crime, but if you own uninhabited properties or will be away from your home for an extended period of time it is something to keep in mind. Keeping good records in a safe, secure place as well as periodically checking public records on your property are the best defense.

In fact, the rightful owners continue right on paying the mortgage for a house they no longer own.

The ensuing mess can take years to straighten out.

Want to cut the the spam out of your e-mail diet?



It's impossible to cut out all of the spam, but you can greatly reduce it with these six steps.

Follow these six simple steps from scambusters.org

1 Use a separate e-mail address when you post messages to any public forum, such as newsgroups and mailing lists. Never use your personal email address for this purpose or you'll be flooded with spam.

2 Consider acquiring multiple email addresses for different purposes. This helps you to identify different sources and senders and lets you filter more effectively.

For instance, you may have one for personal use only by friends, family or colleagues that is never used to request information or to subscribe to newsletters, discussion lists, etc.

Another might be used just for sales inquiries or orders, or for making online purchases. This can be arranged through your ISP, web host or through any number of online email service providers.

3 Subscribe to services online that provide you with disposable addresses that can be deleted if they begin to attract spam messages.

This works because the disposable email addresses actually forward to a real email address of yours. The software lets you track which addresses are getting spam, and you can just

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CONTINUED: A hand out! Not all charitable donations end up...



Some for-profit companies have their hands in the charity cookie jar. Ask before giving if all of the money you donate will go directly to the charity of your choice.

Nevertheless, some fundraising companies may not be telling you everything you need to know about how your donations are being handled and where exactly the money is going.

Before giving money to one of these “middle-men,” make sure you identify the facts.

And if that’s not enough warning...consider that it’s happening right here in South

Carolina. One organization is being fined for deceiving consumers and withholding much needed contributions to some of Columbia’s finest – firefighters. Fireco, LLC must pay \$12,000 in fines for violations that occurred while soliciting funds for the Columbia Firefighter’s Association.

So, what should a solicitor tell you upfront?

The solicitor must tell you right away if they are a “professional” or “paid” solicitor.

They must also tell you the registered name of their organization and the name, location and purpose of the organization that hired them to solicit funds.

What else should you ask? If you ask – verbal or nonverbal - the solicitor must tell you what percentage of your donation will be used to pay overhead costs and

what percentage will be given the organization. Note: The percentage given to the organization may not include money paid from the non-profit organization to the fundraising company. If you ask, the solicitor also has to provide you the charitable organization’s financial statement within 15 business days and a copy of the current registration certification. Each violation may be fined up to \$2,000.

Make your dollars count for you. Before you generously give to the charitable cause of your choice, keep in mind the following:

Give directly to the charity or non-profit organization when possible.

Ask how much of your donation will be kept by the fundraising company for overhead costs.

Research the fundraising company for previous violations and account history.

CONTINUED: Telephone scammers pretending to be from Medicare...

this scam and others. Medicare fraud can take the form of many health-related scams.

Senior citizens are frequent targets of Medicare schemes, especially by medical equipment manufacturers who offer seniors free medical products in exchange for their Medicare numbers.

Because a physician has to sign a form certifying that equipment or testing is needed before Medicare pays for it, con artists fake signatures or bribe corrupt doctors to sign the forms.

Once a signature is in place, the manufacturers bill Medicare for merchandise or service that was not needed or was not ordered.

The Federal Bureau of Investigation confirms that threats to seniors is growing – and changing.

Baby boomers (born between 1946 and 1964) are now the largest segment of our population.

That means that the number of senior citizens is rising.

Many younger boomers also have considerable computer skills, so criminals are modifying their targeting techniques using not only traditional telephone calls and mass mailings, but also online scams like phishing and e-mail spamming.

Some Tips to Avoid Health-Related Fraud:

- Never sign blank insurance claim forms.
- Never give blanket authorization to a medical provider to bill for services rendered.



Remember: No one from the government or acting on behalf of the government will call you asking for sensitive information over the telephone.

- Ask your medical providers what they will charge and what you will be expected to pay out-of-pocket.
- Carefully review your insurer’s explanation of the benefits

CONTINUED: FBI names top scams of 2007

In another variation of this scam, a pet is advertised to be "free" if only you'll pay for shipping costs. You pay the costs, but never receive the animal.

Secret Shoppers

How it works:

You've been hired, typically through Internet or newspaper advertisements to become a secret shopper and rate your experiences while shopping or dining.

The company sends you a check. You're asked to wire a percentage of the money to a third party and keep the rest.

The check is no good and you're out the money you sent. As part of the scam, the fraudsters often illegally use real logos from legitimate companies to convince you it's legal.

Adoption and Charity Frauds

How it works:

You get a spam or forwarded e-mail that tugs on your heartstrings, asking for a pressing donation to a charity.

The name of a real charity is generally used, but the money is really going to a con artist. One set of scams in 2007, for example, used the name of a legitimate British adoption agency to ask for money for orphaned or abandoned children.

Romance Fraud

How it works:

You encounter someone in an online dating or social networking site that lives far away or in another country. That person strikes up a relationship with you and then wants to meet, but needs money to cover travel expenses.

Typically, that's just the beginning. The person may end up in the hospital during the trip or get mugged and need more money.

CONTINUED: Want to cut the spam out...

resubscribe using a new, spam-free address.

4 Remove your email address from your website. If you list or link to your e-mail address you can expect to be spammed.

Address-harvesting robots will spider your site and extract them. So remove them wherever possible and use web-based forms instead.

This will drastically cut down the amount of spam you receive if you have a website.

5 NEVER buy anything from a company that spams. Don't visit

their sites or ask for more information. If you respond to their spams, you're encouraging them to continue spamming – they only need a tiny fraction of responses to be profitable.

There's another reason not to buy anything from a company that spams: over 95% of spam offers are scams! In fact, not responding to spam is the single most effective way to not get scammed on the Internet.

6 Filter your email. Using filters is key to managing your email effectively. It may take a short time to figure out how to do this, but it's definitely worthwhile.

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Telephone scammer pretending to be...

statement. Call your insurer and provider if you have questions.

- Do not do business with door-to-door or telephone salespeople who tell you that services of medical equipment are free.

- Give your insurance/Medicare identification only to those who have provided you with medical services.

- Keep accurate records of all health care appointments.

- Confirm with your doctor's office that your physician ordered equipment for you.



Never pay in advance!

Never pay for anything in advance for services nor for products sight unseen.

If you do, use your credit card because you may get your money back if you have been scammed. Also many scammers do not have credit card accounts.

Credit card companies can do a chargeback to the merchant who processed the charge to your card if it is a fraudulent scam.

Promises of riches, and guarantees to instantly double or triple your money are scams.

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