

Fraud Alert

Educating South Carolina's Consumers

A Publication of the South Carolina Task Force on Fraud



www.scconsumer.gov

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Car warranty scam provides no assurance



Avoid doing business with unsolicited callers, as you never really know who is on the other end of the line.

Consumers should be wary of mail or pre-recorded phone messages warning that their car warranty is about to expire. These postcard and telephone warnings directing consumers to call a toll-free number are just a clever scam. Consumers who call these numbers are often asked for a "down payment" before they can even get information about the warranty.

An alert Midlands consumer knew something wasn't right when she received a post card cautioning that her car's warranty was expiring soon.

What caught her attention?

She just purchased her brand new car less than a month ago. She immediately contacted

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Worse than passing notes! Back to school scams try to cheat students out of money

The school year is fast approaching and teachers and students aren't the only ones to notice.

Scammers have an array of vicious schemes that target students.

The Department warns parents and children to be on the lookout for the following fraudulent activity that often occurs around this time of year.

Scholarship scams

Organizations that claim to offer scholarships may actually

be looking to steal your money.

Never provide personal information even if it's for "exclusive" information, guaranteed approval, or other incentives. Reputable scholarship forms will not require a bank account or

credit card number. Remember you should never pay for scholarship information or to be awarded a scholarship.

Keep in mind scholarship information is free, and



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Rental Fraud: Stealing your home and your credit



You may think what you pay in rent is a rip-off, but a scam being

reported in several neighboring states means it could be.

Rental fraud scams involve the renting of homes or other properties the con artist does not own to unsuspecting renters. The tenant pays a security deposit, first and last month's rent, and in some cases monthly rent payments before the fraud is discovered by the property's real owners. Some crooks are even so bold as to collect monthly rent or even rent a piece of property to several different tenants, before vanishing with the money.

Once the scam is exposed, the tenants are evicted, losing any security and rental deposits they have paid in the process.

The scam doesn't stop there.

A legitimate landlord is a credit grantor and is therefore justified in asking applicants for sufficient personal information to enable a credit check to be made as a prerequisite to approving the application. For the majority of routine rental applications, such information should be protected and is no cause for concern, but it can become a major cause for concern for victims of rental fraud.

The personal information you give a legitimate landlord can be used by the

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Fraud in South Carolina



The following is a sampling of recent consumer reports of attempted scams or fraudulent activity in South Carolina.

Consumers are advised to be on the lookout.

Spartanburg – A parent reported their child receiving a call asking if they were available to speak. When the child said no, the caller hung up. Other reported similar occurrences.

Gaffney – A woman received a call claiming to be from the Quadrant Group, asking for her social security number and bank account information.

Lexington – A woman received a letter claiming she won a foreign lottery. Scammer asked for return fee of \$28,500 after cashing fake check.

Irmo – A woman reported receiving a call claiming to be from Medicare, offering a new discount card if she would only provide her personal information.

Anderson – A man reported a grant scam e-mail that asked for him to pay several hundreds of dollars for grant information.

York – Bank manager alerted us on behalf of a customer who brought in a fake check.

Florence – A man alerted us to an inheritance scam he received in the mail. The unsolicited mail asked him to send money to help expedite a large inheritance owed him by the death of a king in Spain.

Beaufort, Pontiac, Lee, Myrtle Beach – All had people reportedly receiving a fake check in the mail claiming to cover her winnings in a foreign lottery.

Sumter – A man alerted us to a fake check he received claiming to be from Publisher's Clearinghouse. When he contacted Publisher's Clearinghouse they told him counterfeiters had sent out several fake checks in their name and that they had not authorized a check to be sent to him.

Bluffton – A man reported a potential scam involving a travel club that used high pressure sales tactics to get people to commit to large membership subscription to their club.

Aiken – A man called to report his elderly mother was subjected to high pressure sales tactics by a man and woman going door-to-door selling vacuum cleaners. She said she was brining in groceries when the woman followed her in the house and would not leave when she refused to buy. The woman instead brought in the man to demonstrate the vacuum cleaners prowess at both wet and dry vacuuming.

Scam promises flat screen TV, only provides empty wallet

The Better Business Bureau of North Carolina is warning residents in the area to look out for an e-mail scam that is presently going around.

The scam starts with an e-mail or postal mail alleging to be from the U.S. government inviting its victims to subscribe to a new government initiative that is a part of the ongoing economic stimulus program.

The scammer explains the program is meant to increase employment opportunities in the region by offering individuals the opportunity to become distributors of flat screen televisions. The government is even willing to help with initial costs.

The scammer then sends prospects a US treasury check of \$8,900 to cover expenses incurred in setting up shop. It asks recipients to deposit

the check, retain a portion, and wire back the rest to the government.

Unfortunately for those who follow through, the check they receive is a fake check.

While the forgery is very well done and will often fool bank tellers initially, it is a fake.

The scammer is hoping the victim will wire the money from the cashed

check to the scammer before the bank realizes their error and contacts the victim.

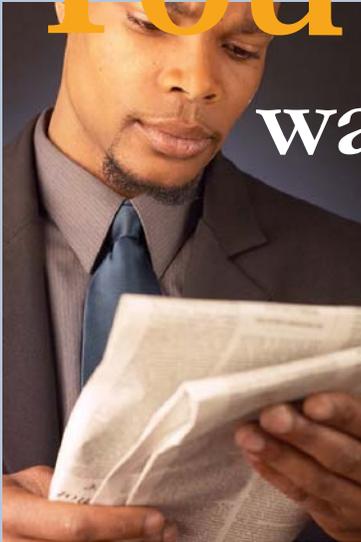
Once the money is wired, there is nothing that can be done to recover your money.

Do not fall for this scam.

Consumers are advised to destroy any unsolicited checks they receive in the mail.



You



want a job!

They



want to steal your money

If you're in the market for a new job, the Internet has made it easier than ever to find one.

Unfortunately, it has also made it easier for criminals to find you.

When you apply for a job you give out all sorts of personal information: your name, address, home and work telephone numbers, e-mail addresses, sometimes even your date of birth and social security number. This is the exact information criminals want to get their hands on to steal your identity.

The Federal Bureau of Investigation (FBI) warns that they have seen an increase in the number of cases involving online job scams.

The following are real examples of how some online job scams operate:

- You respond to an online job ad. You're contacted via e-mail for a fake interview. Then you're asked for bank account information in order to "direct deposit" your paychecks. The crooks use the access to your account to withdraw all of your money.
- You get an e-mail from a recruiter or company that's hiring wanting to know all your personal details for a pre-employment background check. The crooks use that information to steal your identity.
- You post your résumé online with your social security number and other personal information. Criminals find it and use the information to get fake credit cards and loans in your name.
- You respond to an online job ad for a "correspondence manager" or "import/export specialist." You're hired and asked to ship products for

your employer overseas. Turns out, it's a reshipping scam. The items you shipped were purchased online using stolen credit cards...and you've shipped them illegally to thieves in Nigeria and other countries.

What can you do to avoid being scammed?

Do not post personal information in your online résumé. An e-mail address and phone number are fine, but you should never include date of birth, social security number, or other sensitive information. Consider posting your résumé more anonymously...with an e-mail address as your primary contact point.

Never provide a potential employer with your bank account or credit card information, a scan of your driver's license or other ID, or a detailed physical description of yourself.

Never pay upfront for any job opportunity and never forward, transfer, or wire money to a prospective employer. If the job calls for upfront payment, no matter what excuse they may give, it's a scam.

Be wary of job listings with misspellings, grammatical mistakes, and terms such as "money transfers," "wiring funds," "package-forwarding," and "import/export specialist." Those are big clues that something is amiss.

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Car warranty scam provides no assurance

her local dealer and not only confirmed that her warranty was indeed in place, but the dealership had no knowledge of or involvement in the postcard warning.

"These offers often target seniors and other car owners with postal notices and phone calls that sound so urgent," said Brandolyn Thomas Pinkston, SCDCA Administrator. "They want to pressure you into buying an expensive car warranty - something you don't want or need."

Pinkston says the mailings and messages often include phrases like "motor vehicle notification," "final notice," or "priority level: high" to make the offer seem urgent.

Pat Watson, Executive Vice President of the SC Automobile Dealers Association, says he has seen these

notices and joins the warning to consumers.

"This is happening all over the country and we are trying to find out how the pranksters are getting mailing addresses to send these cards. But don't let them alarm you. If you have a question about your warranty, either look in your owner's manual or better yet, call your dealer," he said.

Red flags consumers should watch for:

Mailings that appear to come from your automobile manufacturer offering extended warranty coverage.

Pre-recorded phone calls. Telemarketers are not supposed to use pre-recorded messages unless a live person first asks you if you want to listen to the recording.

Never give out personal financial or other sensitive information like your bank account number or social security number, or even your driver's license.

Check to see if you already have an active car warranty.

If your car warranty expired years ago, the warning is bogus.

Always get information in writing before you agree to sign up or pay any money.



There are a lot of scams that involve vehicles, from selling fake warranties to staging auto accidents, but they all aim to steal your money.

Dangerous staged auto accidents cost everyone money, time or worse

Scams come in many different forms. This one involves your car.

The *swoop and squat* is a type of insurance fraud that uses a staged accident and bogus injury claims to swindle your insurance company and you out of thousands of dollars. These types of accidents cost the insurance industry \$20 billion a year, and of course, that cost is passed on to consumers at an average of \$100 to \$300 extra per car per year.

How does it work? One car cuts off the driver in front of you, forcing him to slam on the brakes. You try to stop, but there's no time and you rear-end the guy in front of you.

You've just become a victim of the *swoop and squat* - called this because the first car "swoops" in while the second car "squats" - and this is just the beginning of your problems.

After the "accident," everyone in the car you rear-ended, usually crammed full of passengers, will file bogus injury claims with your insurance company. Each will complain of whiplash or other soft-tissue injuries, things difficult for doctors to confirm. They may even go to crooked physical therapists,

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CONTINUED: You want a job...

And if you do fall for one of these cons?

Immediately: Contact your bank and close all bank and credit card accounts linked to the fraud.

Followed by: Contact the three major credit bureaus to place fraud alerts on your credit files and to regularly monitor your credit reports for unusual activity.

After your money has been secured, your credit protected: Report the fraud to the job site where the scam was posted, as well as the Department of Consumer Affairs, 1-800-922-1594.

CONTINUED: Dangerous staged auto accidents cost everyone money, time or worse

chiropractors, lawyers, or auto repair technicians to further exaggerate their claims.

Here are some similar scams to look out for:

The drive down. You're attempting to merge when another driver waves you forward. Instead of letting you in, he slams into your car. When the police arrive, he denies ever motioning to you.

The sideswipe. As you round a corner at a busy intersection with

multiple turn lanes, you drift slightly into the lane next to you. The car in that lane steps on the gas and sideswipes you.

The t-bone. You're crossing an intersection when a car coming from a side street accelerates and hits your car. When the police arrive, the driver and several planted "witnesses" claim that you ran a red light or stop sign.

How can you protect yourself?
If you're in an accident, call the

police immediately.

Report accident claims to your insurance company. Don't settle onsite with cash.

Be careful with your personal information, mindful of identity theft.

If you can, photograph the car and passengers and write down names, addresses, and phone numbers.

Use medical, car repair, and legal professionals you know and trust.

Don't tailgate ... drive safely.

CONTINUED: Back to school scams try to cheat students...

scholarships cannot be guaranteed.

Anything that claims differently is simply too good to be true and should be avoided.

Phishing scams

According to St. Bernard Software, Inc., phishing scams increase dramatically at the beginning of the school year.

Why the sudden rise?

As students return to the classroom, they make new friends, reconnect with old friends, and build their online network. Social networking sites like MySpace and Facebook as well as file-sharing sites such as Lime Wire grab the most student traffic.

Consequently, scammers target these sites for large spam blasts, many including malicious links designed to release viruses or steal personal information.

Coupled with lax web-surfing and downloading policies, the Internet is a hot spot for criminal activity. As face-to-face networking increases, so does its online counterpart.

Remember the following tips before heading online.

- Never give out personal information. Ever.
- Consider your privacy settings and who may have access to your page.
- Do not share seemingly harmless information like cell phone numbers, street addresses, and class schedules in a public forum.
- Make sure your computer is equipped with spyware and anti-virus protection.

Distance Education Scams

While not mainstream, distance education courses are becoming increasingly popular because of the convenience and flexibility.

If you choose to go this

route, however, don't forget to do your homework before you go to school.

Below are clues the program may not offer a return on your investment.

- Degrees are based solely on "experience."
- Tuition is charged per-degree, instead of per credit, course, or semester.
- GPA, academic records, or standardized testing are not required.
- The school is not accredited.
- The school is not recognized by the Council on Higher Education Accreditation.
- Diplomas are guaranteed with your application fee.
- Faculty is not listed on the school's website.
- Most of the faculty received their "degrees" from the school itself.

While other factors must be considered, third party accreditation is crucial in determining the validity of a distance education program.

If the organization is accredited by a reputable third party and your credits will be accepted by another major institution, you have likely found a viable program. If not, you should look elsewhere.



School scams don't only target teenagers. Adults should investigate any distance education programs to be sure they're bona fide.

Fraud Task Force Contact Information

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4400 Broad River Road
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Columbia, SC 29221
www.sled.state.sc.us
(803)737.9000

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112 West Park Blvd.
P.O.Box 21428
Columbia, SC 29210
www.sheriffsc.com
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U.S. Attorney's Office

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(803)929.3000

United States Secret Service

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(803)772.4015

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CONTINUED: Rental Fraud: Stealing your home...

unscrupulous to steal your identity, open credit card accounts in your name, and wreak financial havoc.

Rental fraud victims can be stung twice in this instance – they not only lose money, but they have to worry about possible misuse of their personal information and will have no idea when or where identity theft and fraud will occur. “Consumers need to be alert and have their antennae up,” said SCDCA Administrator Brandolyn Thomas Pinkston. “Often their gut instinct is the best indicator that something is wrong.”

The biggest warning sign of potential rental fraud is the “owner” or “landlord” insisting on rent and security deposit be paid in cash or cashier’s check.

This prevents the applicant from issuing a “Stop Payment” if the fraud is discovered in time. Other fraud indicators

include: an attractive property advertised at well below market price for the area; a landlord who is evasive when asked questions he should know the answers

to and is difficult to contact once he has the victim’s money.

Renters who have concerns about rental advertisements that seem too good to be true should take some additional steps:

- Check with building management, building superintendent, resident manager or caretaker in the case of apartments (emergency contact information is likely posted in the lobby)
- Ask other tenants to whom they pay rent.
- Check with city or county office to confirm ownership of the property in cases where the applicant is looking for



Rental fraud can cause you all sorts of pain.

a house to rent and compare the ownership name on file with the information provided by the individual claiming to represent the owner.

Finally, prospective renters should never pay a deposit or rent until a formal lease

agreement is signed by tenant and landlord. Written agreements offer greater protection to both tenant and landlord.

When considering a written lease agreement, the tenant should remember to:

- Read the entire contract and ask questions or obtain a legal opinion about objectionable

provisions he or she does not understand. Ask for changes if necessary. If a tenant dislikes certain provisions in the lease, he or she has the right to ask the landlord to amend the lease with written changes. However, if the landlord refuses, which he or she has a right to do, it’s up to the tenant to decide whether to sign the lease. If changes are made, both the tenant and landlord should initial the changes.

- At a minimum the lease should include the landlord’s name, address and phone number; address of the rental property; amount of the monthly rent; rent due date and grace period; and terms governing the amount and return of the security deposit.

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