

FRAUD ALERT

Let the buyer be AWARE!

A publication by the South Carolina Department of Consumer Affairs

News of economic stimulus plan spurs scammers to fraud

With so much news about economic stimulus packages and the country's economic recovery plans, consumers are hoping some of this stimulus money will funnel down to them. This is the perfect opening for con artists to try to scam the vulnerable. The South Carolina Department of Consumer Affairs (SCDCA) has received numerous reports of scams using the stimulus package - each with a different twist - to steal personal information and/or money.

One of the more brazen twists uses President Barack Obama's image to persuade consumers.



SCDCA has received a number of forwarded emails from alert consumers who are suspicious of the offer. The mail, featuring a photograph of President Obama, promises a free stimulus check in varying amounts of from \$613.27 to several thousand dollars. Consumers are directed to another link where they must

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Credit card scam aims to rob you blind, one quarter at a time



Nickled-and-dimed!

A quarter is just a quarter. In a tough economy, however, a quarter is worth a lot more, especially if multiplied millions of times over. Sadly, a group of scammers were quick to act on this fact. Using stolen credit card account numbers, scammers charged 25 cents to the accounts of millions of consumers across the nation.

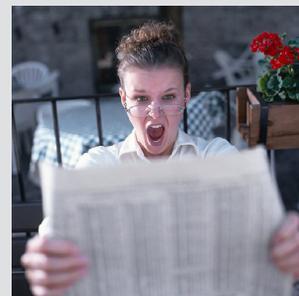
While the charges were erroneous, many consumers ignored the charge despite the fact that the company didn't even exist. After all, it was only a quarter.

The Department has received a number of similar calls from concerned consumers with inaccurate charges on their credit card or

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Extra! Extra! Read all about it Magazine subscription scams, a monthly reminder of your mistake

Beware of telephone sales pitches for "free," "pre-paid" or "special" magazine subscription deals. An impulse purchase could leave you with years of monthly payments for magazines you may not want or could buy for less elsewhere. What's more, in some states, you're legally obligated to pay for a subscription once you verbally agree to it.



Of course, thousands of consumers buy magazine subscriptions from legitimate telemarketers every year. Yet some unscrupulous salespeople trick consumers into paying hundreds of dollars for multi-year subscriptions.

Sales techniques vary, but there are warning signs.

- Salespeople who encourage you to buy without giving you your total costs. For example, a salesperson may offer magazines for just a few dollars a week. That could sound like a bargain - until you do the math. You could end up paying hundreds of dollars over several years for subscriptions that sell elsewhere for less.

- Salespeople who tell you magazines are "free" or "pre-paid" for you and that you'll be charged only a "processing fee." The fee may be more than the retail price of the magazine subscription.

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Getting off the phone with a telemarketer can be painful, but it beats having a three-year subscription of straight-to-the-ecycle-bin fodder.

• Salespeople who don't identify themselves as such or who may not give you the name of their company. They may lead you to believe they represent magazine publishers, or that they're calling for reasons other than selling subscriptions.

If You're Called

Be skeptical when someone tries to sell you a "bargain" or offers you a "free" subscription on the phone.

Ask questions.

- ➔ How long does the subscription last - one year, two, more?
- ➔ How will I be billed? Will you debit my checking account or credit card? When - monthly, annually?
- ➔ How many magazines will I get and when - monthly, bi-monthly, quarterly?
- ➔ What's the total yearly cost of each magazine? What's the total package price?
- ➔ What are my cancellation rights? Get them in writing before you agree to buy. The salesperson may not be required to tell you about the company's cancellation policy unless you ask.

Compare the costs they're quoting to regular magazine subscription rates.

Be careful what you say on the phone to the seller. In some states, your verbal agreement to buy obligates you to pay. Frequently, the salesperson tape records the conversation, perhaps claiming it's for your

protection. Later, the company may use the tape to "prove" you agreed to buy the magazines, selected a payment method, and understood the terms of the agreement.

If you don't want a subscription, and you don't want to be called again, **tell the caller to put you on the company's "do not call list."** If the company calls again, hang up. It's breaking the law. Report it to your state Attorney General and the FTC.

The Telemarketing Sales Rule

The FTC's Telemarketing Sales Rule requires telemarketers to make certain disclosures and prohibits them from lying. It gives you the power to stop telemarketing calls you don't want and gives state law enforcement officers the authority to prosecute fraudulent telemarketers who operate across state lines.

Some tips to keep in mind when you get a telephone sales

pitch for magazine subscriptions:

- The caller must promptly identify the seller and the purpose of the call. If the offer includes the promise of prizes or gifts, the sales pitch for the magazines must come first. If it doesn't, hang up. The caller is breaking the law.
- If you ordered magazines over the phone once, you may be called again. Although you may think the call is about customer satisfaction, chances are it's about renewals and additional subscriptions. Listen carefully to the offers to make sure you understand the terms.
- You may be called to renew your subscription, but the caller may not represent the publisher. Before you agree to renew, check the expiration date to determine how close it is. It's usually on the mailing label. Or, you may want to call the publisher to verify the expiration date and to confirm that the caller is authorized to renew your subscription.

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Not interested? Can't get them off the phone? Hang up!
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• Ask for a written copy of the contract before you agree to buy any subscription. Read it. Make sure you understand what you'll get, the cost of each magazine and each

subscription, and the cost of the entire package.

• Keep information about your bank accounts and credit cards to yourself. You may get a letter or postcard soliciting your business or telling you that you've won a prize or a contest. Often, this is a front for a scam. Instructions tell you to respond to a promoter with certain information. If you give your bank account or credit card number over the phone to a stranger for "qualification," "verification" or "computer purposes," it may be used to debit your account without your permission.

A job search can be full of danger!

Cons!

Frauds!

SCAMS!

Whether your search is...

Job search scams are one of the most prolific and dangerous scams operating today, but you don't have to be a comic book hero to avoid them

Scammers often prey on the vulnerable and there are few times a consumer is more vulnerable than when looking for a job in a recession.

A steadily growing unemployment rate coupled with the rise in popularity of online job search websites has created a hotbed of fraudulent activity.

Many of the job search websites are legitimate, but scammers inundate the sites with fake job postings meant only to defraud job seekers. This means even a trusted website may contain fraudulent employment opportunities.

It is also important to remember that these scams are easily replicated in other mediums, such as newspaper classified ads, Craig's List, social media websites, and even person-to-person.

Phishing Scams

How it works: The con artist poses as a legitimate business in order to obtain personal or financial information.

How to protect yourself:

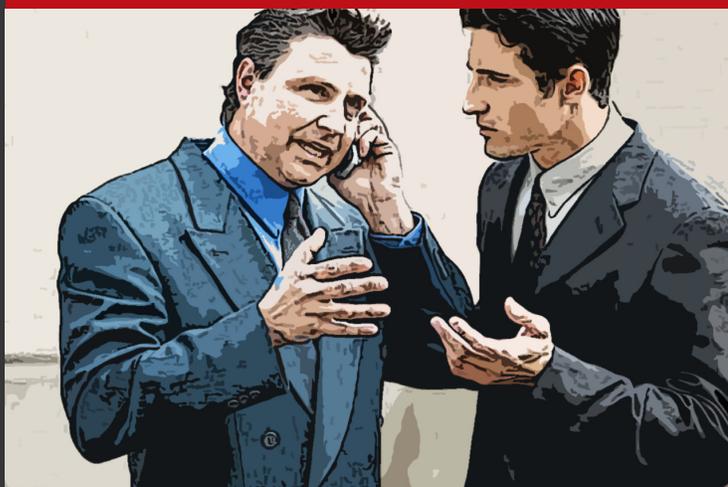
- Never give out personal information over the Internet. Never.
- Until you are hired there is no reason an employer should request your social security number, bank account numbers, or other personal information that is not related to your employment history.
- Insist on bringing any personal information directly to the physical location. If the company does not have a physical location, look into working as an independent contractor, which would allow you to avoid giving them personal information.
- Look up the business' phone number independently, then call it to make sure the story checks out. Phishing scams have been known to use a real business' name, logo, even letterhead in an effort to fool you.



...Newspaper



...Internet



...Person-to-person

You need to **BEWARE** of...

Continued on Next Page

The superpowers of scam fighting

Be skeptical



Ask Questions



Protect Yourself



· Do your homework. Don't just stop at browsing the company's website – anyone can have a website – but rather use a search engine to find out what others have to say about this company. If no other sites reference this company, or worse, web pages pop up with complaints it's a scam.

Recruitment Scams

How it works: A scammer pretends to be a "recruiter," "personal marketer," or "head hunter," claiming they can find a job for you. The catch is, of course, you have to pay them and provide personal information. More than likely you will never hear back from this con artist. Those you do hear from often only provide services you could easily do yourself for free.

How to protect yourself:

· Before paying for anything, ask yourself if you could do this yourself for free. Many pitch their services for \$10 a lead, the same lead you could find with one search on any search engine.

· Beware of anyone who asks you for money in exchange for finding you a job.

· You should never pay for "exclusive" job leads or for a job itself.

· If you enlist the services of a career coach, resume writer or background-checking service, check references and get the agreed-upon fee in writing. Also, comparison shop to find the best deal.

· Never provide a recruiter with personal information, such as social security numbers, credit card numbers, or bank account information.

· If you're contacted by a recruiter, get their name, address, phone number, and ask them industry related questions. If you're looking for work in construction and they've never heard of a hammer, it's a scam.

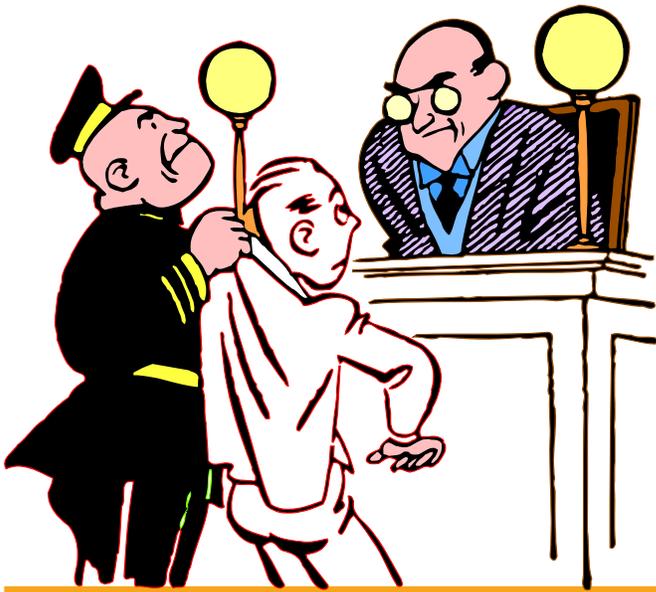
Fake Check Scams

How it works: Congratulations, you've just been hired. Now all the company needs is for you to cash this check, purchase some office equipment, and wire the difference back to them. There are variations of this scam, but at the crux of it is a fake check that your new "employer" wants you to cash and send a portion back to them. Real companies do not operate in this fashion.

How to protect yourself:

· Never cash a check and wire back a portion of it. This is never a good idea and will always result in you losing money.

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“I’m sorry your Honor. I thought the 16th Ammendment was never ratified, wages weren’t income, and that paying taxes was voluntary anyway.”

Don't Fall For It

These tax scams get you nothing but trouble for a return

Tax time is just around the corner, and the South Carolina Department of Consumer Affairs and the IRS are urging you to please avoid these 12 popular tax scams. The IRS warns that no matter who prepares the return, the taxpayer is ultimately responsible for its accuracy.

Zero Wages

In this relatively new scam a taxpayer attaches to his or her return either a Form 4852 (Substitute Form W-2) or a “corrected” Form 1099 that shows zero or little wages or other income. The taxpayer may include a statement indicating the taxpayer is rebutting information submitted to the IRS by the payer. The Form 4852 or 1099 is usually attached to a “Zero Return.”

Zero Return

Promoters instruct taxpayers to enter all zeros on their federal income tax filings. In a twist on this scheme, filers enter zero income, report their withholdings and then write “nunc pro tunc” – Latin for “now for then” – on the return.

They also do this with amended returns in the hope the IRS will disregard the original return in which they reported wages and other income.

Form 843 Tax Abatement

This scam is fairly new and rests on a faulty interpretation of the Internal Revenue Code. It involves the filer requesting abatement of previously assessed tax using Form 843.

Many using this scam

have not previously filed tax returns, and the tax they are trying to have abated has been assessed by the IRS through the Substitute for Return Program.

Phishing

This is a technique used by identity thieves to acquire personal financial data in order to gain access to the financial accounts of unsuspecting consumers, run up charges on their credit cards or apply for new loans in their names.

These Internet-based criminals pose as representatives of a financial institution and send out fictitious e-mails in an attempt to trick consumers into disclosing private information.

These scammers even pose as the IRS. Taxpayers should take note: **The IRS does not use e-mail to initiate contact with taxpayers about issues related to their accounts.**

If a taxpayer has any doubt whether a contact from the IRS is authentic, the taxpayer should call 1.800.829.1040 to confirm it.

Trust Misuse

For years, unscrupulous promoters have urged taxpayers to transfer assets into trusts.

They promise reduction of income subject to tax, deductions for personal expenses and reduced estate or gift taxes.

However, some trusts do not deliver the promised tax benefits, and the IRS is actively examining these arrangements.

Frivolous Arguments

Promoters have been known to make the following outlandish claims: the Sixteenth Amendment concerning congressional power to lay and collect income taxes was never ratified; wages are not income; filing a return and paying taxes are merely voluntary; and being required to file Form 1040 violates the Fifth Amendment right against self-incrimination or the Fourth Amendment right to privacy.

Don't believe these or other similar claims. These arguments are false and have been thrown out of court.

Return Preparer Fraud

Dishonest tax return preparers can cause many headaches for taxpayers who fall victim to their schemes.

Such preparers derive financial gain by skimming a portion of their clients' refunds and charging inflated fees for return preparation services.

They attract new clients by promising large refunds. Taxpayers should choose carefully when hiring a tax preparer.

Fraud Task Force Contact Information

Consumer Affairs

3600 Forest Drive
Suite 300
P.O. Box 5757
Columbia, SC 29250
www.sconsumer.gov
1.800.922.1594
(803) 734.4200

Attorney General's Office

1000 Assembly Street
Suite 519
P.O. Box 11549
Columbia, SC 29211
www.scattorneygeneral.org
(803) 734.3970

S.C. Law Enforcement

4400 Broad River Road
P.O.Box 21398
Columbia, SC 29221
www.sled.state.sc.us
(803) 737.9000

S.C. Sheriffs' Association

112 West Park Blvd.
P.O.Box 21428
Columbia, SC 29210
www.sheriffsc.com
(803)772.1101

FBI

151 Westpark Blvd.
Columbia, SC 29210
www.fbi.gov
(803) 551.4200

U.S. Attorney's Office

1441 Main Street
Suite 500
Columbia, SC 29201
www.usdoj.gov/usao/sc/
(803) 929.3000

United States Secret Service

107 Westpark Blvd.
Suite 301
Columbia, SC 29210
www.secretservice.gov
(803) 772.4015

S.C. Police Chiefs' Association

4701 Arcadia Road
P.O.Box61170
Columbia, SC 29260
www.scpca.org

CONTINUED: News of economic stimulus plan...

"participate in the program" in order to receive the check.

Participation requires completion of several "reward offers" such as magazine subscriptions that the consumer must purchase or a credit card which can only be activated with a purchase.

Although the offers themselves may or may not be real products, the consumer will have to spend money on things they possibly didn't need; plus, they will not receive a stimulus check just for participating in the program.

The Department has also received calls from consumers concerning other e-mails they have received.

The e-mail claims to be from the Internal Revenue Service (IRS) and asks them for sensitive information such as a bank account number or Social Security number in order to process their portion of the stimulus package. Consumers should remember that the IRS or any

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Credit card scam aims...

bank account numbers.

Charges may be as small as a few dollars; others may be as much or more than \$30.

While invalid charges may be the result of scammers creating spoof companies, some mistaken charges may appear from legitimate companies.

Regardless of the amount or the source, consumers should dispute incorrect or unidentified charges. It's still fraud!

What Exactly Should You Do?

Dispute the charge with your credit company.

Monitor your account at least once a week for changes.

File complaints with the following federal agencies:

- Federal Trade Commission at www.ftc.gov
- Internet Crime complaint Center at www.ic3.gov
- Bureau of Justice Assistance

other government agency will never contact you regarding rebates or refunds via e-mail. Additionally, the IRS will never ask you for personal information.

Another twist on this scam arrives by US mail and contains an actual check, again in varying amounts.

Of course the check is fake, but it looks very real. The accompanying literature instructs consumers to call a toll-free number for further instructions.

Callers are then instructed to deposit the check but to wire a certain amount back to either enter into foreclosure rescue, or if you're not in foreclosure, to purchase a foreclosure "kit" with instructions on how to use the stimulus money to buy foreclosed properties in your area.

This scam is for the needy as well as the greedy, but it is a scam nonetheless. Homeowners qualifying for mortgage assistance or restructuring under the housing portion of the Economic Recovery Plan may be telephoned by their lender just to expedite matters, but they should verify that the caller does indeed represent that lender.

Consumers are urged to contact the Department if they are suspicious of anything they receive that purports to represent stimulus money.

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Work at home...

• If you work at home, do not cash a check to purchase "start up materials" and send the rest back to the company - this is a scam.

When posting your resume on line

Keep it professional. You should never include your social security number, bank account information, date of birth, or other personal information on your resume. All of this information can be supplied later - when you have the job!

Additionally, remember to read the website's privacy policy to see how your information will be used. Many job search sites allow you to tweak just how much personal information is available for would-be employers to see.