

FINANCIAL SCAMS

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Why Learn about Scams ?

- To raise awareness/reduce crime. Learn.
- To define fraud and identify scams
 - Types of losses
 - Specific target groups (seniors)
- Methods of scammers
- Examples of Scams
- How you can protect yourself
- What to do if you are/think you have been a victim

Fraud

- a: intentional perversion of truth for the purpose of inducing another to part w/something of value or a legal right
- b: an act of deceiving or misrepresenting*
- Scams:
 - Scams are designed to appear legitimate.
 - Why ? To earn your trust and steal your money.
 - <http://www.youtube.com/watch?v=A WDMzHrGu10>
 - If it looks like/sounds like/feels like a scam....
 - Scams cost Americans billions annually

*Merriam-Webster Dictionary

Specific Target Groups

- Elderly
 - Many scams are targeted disproportionately at the elderly.
- Why ?
- Vulnerability:
 - Lonely (widows), willing/eager to help others.
 - Often more trusting. Grew up in a different time.
 - Easy to gain their confidence
 - Not technologically savvy (internet/cell phones)
 - Often have more money/less expenses

Methods of Accomplishing the Scams

- Direct Approach—At your front door
- Via the Telephone—Telemarketing
- Via the U. S. Postal System
- Via the Internet
 - Identity Theft
 - Phishing e-mail

Common scams:

- Home Improvement: Contractors
 - Roof Repairs, chimney, trees trimmed, windows, pavement
 - <http://www.sdsheriff.net/elder/vid-home-repair.html>
 - Security systems, inspect plumbing or furnace
- Door-to-Door Sales
 - Funeral service contracts, living trusts, books, mags, kitchen equip

Telemarketing Scams

- You are eligible to win: car, cash, a diamond ring
 - Your purchase of X will enter you in sweepstakes--NO
- You have won 100K but need 10%, tax & handling
- Offer to recover your money lost in a telemarketing scam--need credit card # for service charge--The law: do not have to pay in advance
- Requests- charitable contributions (ask for Tax ID#)
- Phoncon or msg for you to immediately call or fax a no. in 809, 284 or 876 area codes (Caribbean, British Virgin Is. & Jamaica) (These are International calls w/o the international codes)

Examples of Postal Scams(Cont)

- Bills
 - (Telephone (Computer Access, 3 way calling, 900/976 access)
 - Credit Card Charges
- Prison Pen Pal Money Order Scam
- Solicitations Disguised as Invoices

Examples of Internet Scams

- Nigerian Adv Fee Scheme via E-mail
- Pyramid Schemes-multi-level marketing
- Investment Opportunities
- Home-based business/Work-at-Home.
- Online Credit Repair Scams--requiring a up front fee
- Sweetheart scams- via Facebook/dating sites: In these scams your new friend/love will have an accident/legal problem in a foreign country and ask you to send money.

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Examples of Internet Scams(Cont)

- International Telephone Fraud
 - E-mail msg, goods billed to credit card
 - Must call an international no. to cx
 - You are billed later for the international call
- Fraudulent Email Scam
 - AT&T, Citibank, B of A-, etc.
 - Ask you to verify account information
- Online Auctions: Beware
 - Misrepresentation, failure to ship/pay, piracy & counterfeiting or buy & switch

Examples of Internet Scams (Cont)

- Payment for purchases on net by credit card
 - Purchase from well known sites
 - Can limit your losses to \$50
- "IRS E-Audit"/ Unexpected Refunds
- Do-Not-Call List --Nation wide Legit. website:
www.donotcall.gov or (1-888-382-1222)
 - Scam associated with this concept
 - official from Do Not Call registry
 - requests personal info
 - Signing up is generally initiated by consumer

Identity Theft

- The obtaining of the personal identifying information of another person and the use of that information for any unlawful purpose.
- How does an ID Thief get your personal info?
- How does an identity thief use your personal info?
- How can you protect yourself from ID theft?
- What should you do if you are a victim of identity theft?

What is Identity Theft?

- Someone else uses your name, DOB or SSN to obtain something or do something
 - Credit Cards, mortgages, utilities , employment, a place to live, traffic tickets or commit a crime
- Why should I care?
 - Credit ruined/Meds/Job
 - arrested
 - denied employment
 - denied a place to live if credit ruined
 - Driver's license revoked if accident or traffic tickets

How does an Id Thief get your info

- Stealing your purse or wallet
- Finding personal info in your home
- Fraudulent charges investigator
 - Need to 'verify' cc info
- Caller- Jury Coordinator
 - Protests from you
 - No notice to appear for jury duty
 - Requests SSN & DOB to verify & CX arrest warrant
- Dumpster diving: Get and use a cross cut or diamond cut shredder

How does an Id Thief use your personal information

- Obtain credit cards in your name
- Forge checks or debit cards and drain your acct
- Open bank accounts in your name and write bad checks on those accounts
- Obtain loans or mortgages in your name
- Receive utilities or other services in your name
- File a bankruptcy case in your name
 - to avoid paying debt, eviction or foreclosure
- Commit crimes in your name

**How Do You Protect Yourself
from Identity Theft**

- Do not provide personal information over the phone, through the mail or over the Internet
- “You won a prize”
 - Do not provide or confirm any information
 - Do not send money or give credit card information
- Do not post personal info on the Internet
 - Family tree sites
 - Class reunion sites
- Do not carry your SS card
- Guard your wallet or purse

**How Do You Protect Yourself
from Identity Theft (Cont.)**

- Minimize risk by adopting SCAM approach
 - S be stingy about giving out personal info
 - A “need to know” approach
 - C check financial info regularly
 - A Ask periodically for copy of credit report (from all three agencies)
 - M Maintain careful records of banking & financial accts

**What Should You Do If You Are
Fraud Victim**

- Take immediate action
 - File a police report
 - Have copies of all related documents for the officer/deputy.
 - Contact your creditors
 - Close affected accounts (annotated “closed by customer”)
 - Ask creditors to contact you before opening any new accts or making changes to existing accts
- May need to stop payment on checks
- Request new ATM cards
- Change PINs or passwords

**What Should You Do If You Are
Fraud Victim (Cont.)**

- Notify Credit Reporting Agencies (most effective)
 - Place a Fraud Security Alert, removes names/address from preapproved lists, notifies you of any new credit requests.
 - Equifax 1-800-525-6285
 - Experian (formerly TRW) 1-888-397-3742
 - TransUnion 1-800-680-7289
 - Notify all three!

**What Should You Do If You Are
Fraud Victim (Cont.)**

- Add a "victim's statement" to your file
- For consumer fraud contact the following:
 - Might call the National Fraud Info Center 1-800-876-7060
 - Call local DA's Office (619) 515-8747
- For ID theft contact FTC
 - 1-877-IDTHEFT
- Keep copies of Letters mailed, summary of phonecon & receipts of all expenses incurred

**What Should You Do If You Are
Fraud Victim (Cont.)**

- May need to contact DMV- fraud involving DL
- Internal Revenue Service--Tax fraud
- Passport Office- fraud involving your passport
- SSA--
- U.S. Postal Service--Mail fraud
- U.S. Secret Service--Credit Card fraud
- U.S. Trustee's office--Bankruptcy fraud

**What Should You Do If You Are
Fraud Victim or Do Not want to
be One**

- Put a security freeze on your Credit File
 - Write credit bureaus to put freeze on your file
 - Cost \$10, no cost to unfreeze, \$10 to unfreeze temporarily or \$12 to unfreeze for specific creditor
- Need to send to all three credit bureaus
- Send by certified mail, include name, DOB, home address(for last 5 yrs) & SSN
- Can pay by check, money order or credit card

**What Should You Do If You Are
Fraud Victim or Do Not want to
be One**

- Address for Equifax:
 - Equifax, P.O. Box 105788, Atlanta, GA 30348
- Address for Experian:
 - Experian, 701 Experian Parkway, P.O. Box 9554, Allen, TX 75013
- Address for Trans Union:
 - Trans Union Security Freeze, P.O. Box 6790, Fullerton, CA 92834-6790
- www.privacy.ca.gov/financial/cfreezeon.htm

Summary

- Definition of fraud & fraudulent schemes
 - Losses
 - Target Group
- Methods of Accomplishing Scams
 - Direct Approach, Telemarketing, Postal System (S.T. commodity-\$ now)
 - Internet & ID Theft (L.T. commodity-Info)
- Examples of Scams
- What you can do to protect yourself
- What you can do if you are a fraud victim or choose not to be one
