

Fraud and Scams

Unfortunately, there are many unscrupulous individuals who would like to con and cheat the money out of unwary senior citizens. Although the majority of the advertisements and solicitations you seen on the internet, television, or in your mail, are most likely genuine, it is better to be cautious than to be taken advantage of. The following are some common scams to be on the look-out for:

Gold / Rare Coins

The Bait - Gold can be a great investment. Despite the recent recession, gold prices have continued to steadily increase. Gold coins can be fun to collect and an investor can be safe in knowing that they physically control their investment.

The Hook - Not all gold coins are made equally, and in some cases it takes an expert to spot the differences. Shady coin dealers may sell you a coin that is worth much less than what you paid, or may try to a buy a coin for less than it is worth.

Examples - The following are some of the different kinds of gold coin scams:

- **Incorrect Grading:** Coins have various grades based on their condition. For example, in 2012, a 2002-W \$50 Gold Eagle was worth \$1,915 at a grade of MS-63, which is a grade for a very clean condition, but not perfect. MS-70 is the grade for “mint condition,” which is the highest grade, and for that grade the same coin was worth \$2,850.¹ Some dealers may claim that the coins they are selling are of a higher grade than reality. Similarly, a dealer may claim that the gold content of a coin is higher than it actually is, as many gold coins are mixed with other metals for durability.
 - **How to Avoid** – Have an independent appraiser check the grade of the coin before buying. Do not use an appraiser recommended by, or affiliated with the coin dealer, as they may be working together. If the dealer will not allow a third-party appraisal, do not buy from them.
- **Salomon Brothers Index:** Some dishonest dealers might inaccurately quote the Salomon Brothers Index to show that the value of the coins they are selling will appreciate at rates of 12% to 25%.² This may be dishonest

¹ <http://investorplace.com/2012/06/5-sleazy-gold-coin-scams-to-avoid-3-safe-ways/2/>

² <http://www.vosslawfirm.com/library/rare-coin-scam-salomon-brothers-index-texas-coin-fraud-attorney.cfm>

because that index only showed rates of a limited number of very rare coins, which are most likely not what the dealer is selling.

- **How to Avoid** – Do your own research on the particular types of coins to find out appreciation rates. Make sure to inspect the coins so you can verify that they are the type of coin stated. Do not buy until you have done your research. Do not be pressured into buying immediately.
- **Non-Existent Coins:** Some sellers will offer to sell you a number of coins and to store them for you as a convenience. The trick here is that in some cases, the coins they “sold” to you do not actually exist. They may display, or even let you inspect some coins, but there is no way of knowing whether those coins will be the ones you are “buying.”
 - **How to Avoid** – Physically take possession of your gold coins and do not accept offers for storage from the seller. If you cannot store your coins at home, you may be able to store them at a reputable bank.

Funeral Services

The Bait – While preparing for a funeral, whether you are planning your own or a loved one’s, emotions are high. You want the best for your loved one, and there are many services that funeral home’s offer to help with the process and to enhance the event.

The Hook – Because the time is so emotional and difficult, it is easier for dishonest funeral service providers to pressure or trick you into buying things you don’t need or want.

Examples – The following are some of the different kinds of funeral service scams.

- **Casket Options:** Although there are many options and a wide variety of price ranges, funeral directors may steer buyers to expensive showroom models without mentioning the less expensive options that are not on site. This leaves buyers with the impression that they must choose from among a limited number of expensive caskets.³

³ <http://www.scambusters.org/funeralscams.html>

- **How to Avoid** – Ask to see a list of all the casket options and prices before being shown any models. The “Funeral Rule,” which is enforced by the Federal Trade Commission, requires that they provide this information in person or over the phone.⁴
- **Misleading Package Discounts:** Funeral homes are required to use a casket that you have purchased elsewhere in their services.⁵ Some funeral homes have tried to get around the competition of other casket dealers by offering packages that have discounted prices for the casket, but increased fees elsewhere.⁶
 - **How to Avoid** – A mortuary service fee will be charged for the time it takes the funeral director to make arrangements. This process is not lengthy, so be wary if the fee is in the thousands of dollars.
- **Requiring Embalming:** Embalming is not required for many types of funeral services, including direct cremation or immediate burial (occurring within a short time after death). In many cases, refrigeration is an alternative form of preservation that is available until the time of the funeral.
 - **How to Avoid** – Ask about embalming requirements at multiple funeral homes and look up the laws in your state regarding embalming. This will let you know what the requirements in your area are so you can avoid paying for the service if you do not need it.

More: For more information regarding your rights in preparing a funeral, see the FTC consumer guide at <http://www.consumer.ftc.gov/articles/pdf-0056-funerals.pdf>.

Long term care insurance

The Bait – Long term care is expensive, but many retirees will need some form of long-term care in their lifetime. Long term care insurance is one way of ensuring that a person has adequate housing and medical care when a senior most needs it.

The Hook – Long term care insurance can be complicated and sales pitches for it play on the emotions. Dishonest insurance agents may try to take advantage of the fact that you may not know about all your options or understand what is involved.

⁴ <http://www.consumer.ftc.gov/articles/0300-ftc-funeral-rule>

⁵ *Id.*

⁶ <http://www.scambusters.org/funeralscams.html>

Examples – The following are some examples of long term care insurance scams.

- **Unsuitable Policies:** Long term care insurance is expensive, and some customers cannot afford the high premiums. Despite this, dishonest insurance agents will knowingly sell expensive plans to people who cannot afford it. Alternatively, they may sell plans that have overlapping coverage, so you pay more but get no additional benefit.⁷
- **Overstating benefits** – Insurance agents may claim that all of your long-term care expenses will be covered by their insurance policy, but this is not necessarily true. They may define long-term care differently than you expect, intentionally or unintentionally, or they may be stretching the truth.
- **Claim Fraud** – In some of the worst cases, insurance companies will deliberately deny claims or delay payout in hopes that the covered senior will simply give up or die before the situation is resolved.⁸ These scenarios might involve repeated incorrect paperwork, or the company saying that coverage does not apply when the policy says that it should. Although sometimes these occurrences are mistakes, if this is done deliberately it is fraud.

How to Avoid – For all of these scenarios, carefully reading and knowing the contents of your policy is critical. Consider having an attorney look over the policy before buying. Do not let an insurance agent pressure you into buying on the same day they offer you a policy; take the policy home and read it first. Be wary of insurance agents who gloss over the details or try to avoid your questions.

Work at home

The Bait – The ideas are nice: Be your own boss! Set your own hours! Work in your pajamas! Working from home is appealing, especially to seniors who may no longer be physically able to go to a workplace.

⁷ <http://www.insurancefraud.org/scam-alerts-long-term-insurance.htm#.UdG-NTlInnE>

⁸ http://www.aws-law.com/long_termfraud.asp

The Hook – Many of the supposed work at home opportunities promise a small time commitment and generous income, but first require an investment of some sort. However, scammers will take that investment and run, leaving the would be at-home-entrepreneur without their money. What they have in common is that they require the “employee” to send money somewhere from their own personal account.

Examples – The following are some of the various type of work at home scams:

- **Check Cashing:** Here, victims may respond to an email with a job offer or to an advertisement on an online job search engine or classified ad in a newspaper. The job may be titled something like “financial manager,” and the only task for the work-at-home employee is to deposit checks they receive in the mail. They are instructed to deposit the checks into their personal accounts, and then wire some amount to another, often foreign, bank. The employee either gets a cut to keep a percentage of the check before sending the money, or is promised a percentage commission. The scam here is that the checks being deposited are counterfeit, so the money that the “employee” transfers is all their own.⁹
- **Envelope Stuffing:** Supposedly the job here is simple, the company will send the employee materials and envelopes, the employee stuffs the envelopes and drops them in a mailbox, sending them out on behalf of the company. First, the employee must pay a fee for the materials. In many cases, what the employee receives instead is instructions on how they should put up an advertisement similar to the one that they responded to. Instead of their being any product being delivered to potential customers, this is an illegal pyramid scheme.¹⁰
- **Assembly Work:** Scammers in these cases will promise to buy toys, crafts, or other merchandise that you have assembled at home. Before you can start work, however, you must pay a fee to the company for them to ship the materials and equipment needed to assemble to merchandise. Scammers will either never send the materials, or will reject the assembled goods, stating they do not meet specifications.¹¹

⁹ Kirchheimer, Sid. *Scam Proof Your Life*. Sterling Publishing Co., Inc. 2006. p. 307.

¹⁰ <http://www.fraud.org/scams/general-fraud/work-at-home-scams>

¹¹ <http://www.scambusters.org/work-at-home.html>

How to Avoid – While there are some legitimate work-from-home opportunities, it is unlikely that you will find them in newspaper classifieds, emails, or online search engines. Be wary of any work-from-home job opportunity that requires you to pay a fee or buy product to do the work.

Credit card loss protection scams

The Bait – You may receive a telephone call or email claiming that federal law has changed, and you are now liable for all purchases made by a thief who took your credit card. They claim that you can buy insurance from them that will pay for any illegitimate charges made by thieves on your cards.

The Hook – The laws have not changed and you are already protected, by law, from the charges on your credit card made by thieves. These scammers would make you pay for a service that your credit card provider is already legally obligated to provide for free. Even if you report your card stolen after the thief has made charges, the most you will ever have to pay is \$50.¹²

How to Avoid – Do not buy the services of a business that claims:

- “you're liable for more than \$50 in unauthorized charges on your credit card account;
- you need credit card loss protection because computer hackers can access your credit card number and charge thousands of dollars to your account;
- a computer bug could make it easy for thieves to place unauthorized charges on your credit card account; and
- they're from "the security department" and want to activate the protection feature on your credit card.”¹³

Advance fee loan and credit card scams

The Bait – Some lenders will claim that they will offer you credit or a loan even though you know from past experience that you don't think you qualify. The idea of getting credit or a loan despite poor credit history, or a lack of credit history, is appealing.

¹² <http://www.consumer.ftc.gov/articles/0093-credit-card-loss-protection>

¹³ *Id.*

The Hook – These lenders get you invested in the idea of getting the loan or credit that you want, maybe to buy a new car or to get you into a home, but then charge a fee before issuing the loan. After you have paid the fee, they let you know you actually don't qualify, or they change the terms, greatly increasing the down payment needed or the amount of the monthly payment, refusing to refund the fee.

How to Avoid – Watch out for these tip-offs that may indicate the loan or credit offer is a scam:¹⁴

- **“Regardless of credit history”**: Legitimate lenders will not loan to anyone without regard for their credit history. If a lender claims that they can “guarantee” a loan to you, or that bad credit poses no problem, it may be a scam.
- **Upfront fees**: A lender may say you are approved for credit or a loan, but then demand a payment from you in order to release the funds, or to process that paperwork. Do not pay! Banks and other lenders may charge loan origination fees, but they will include that amount in the total borrowed, so you do not have to pay upfront.
- **Offers by phone**: If you receive an unsolicited telephone call offering you a loan or credit, do not give any personal information or pay any fees. A legitimate lender will not pressure you to take the loan immediately, so you can have a chance to research the company they claim to be from. Tell the person on the phone that you will call them back after you have done some research, and then only call a number that you have found in the telephone book or directory. Do not be rushed into accepting a loan or credit offer.
- **Non-Registered Lenders**: Lenders are required to register in a state where they do business, so before you accept any loans or credit offers, call your state's Attorney General's office. Not every lender who is registered is worth doing business with, but you absolutely should not take a loan or credit offer from a business that is not registered as a lender.

Home improvement scams

The Bait – You may have work that needs doing, such as a driveway repair or shingle replacement. Contractors will advertise lower than average prices, or stop

¹⁴ <http://www.consumer.ftc.gov/articles/0078-advance-fee-loans>

by your door offering to do the job immediately at a discounted rate. While the apparent convenience and price of some of these contractors seems unbeatable, these may be indicators of a scam.

The Hook – Dishonest contractors may take your money in a number of ways. Some will demand payment up front, and then never return to do the work. Others may use sub-standard materials that aren't suited for the job. Others may covertly damage your home, and then bring the damage to your attention, claiming action needs to be taken immediately.

Examples – The following are some specific home improvement scams listed by the Better Business Bureau:

- **“DRIVEWAY SEALANT SCAM:** Itinerant contractors show up on door steps claiming they have left over materials from a previous job and can seal your driveway for a rock-bottom price. After paying for the job upfront, the "contractor" may slather an ineffective substance -- such as crude motor oil -- on your driveway and be on to his next victim.
- **DRIVEWAY REPAIR SCAMS:** Like the sealant scam, phony contractors target neighborhoods offering dirt-cheap prices to repair driveways. They want to begin work on the spot and usually do not have a contract.
- **CHIMNEY SHAKERS:** Usually lure their victims via advertisements in local newspapers offering gutter cleaning at a cheap price. Once the routine work is performed, they claim the chimney is in dire need of structural repairs.

Sometimes, chimney shakers will literally remove bricks and mortar from the chimney; hence, the term "chimney shakers." These materials will then be shown to the homeowner as evidence of the chimney's alleged state of decay. Another common scare tactic used in connection with chimney scams is the threat of carbon monoxide poisoning if the chimney is not repaired immediately. But remember, not all scare tactics are deceitful. When a reputable contractor calls a problem serious and explains his rationale in a clear and logical way, your family's safety may depend on you acting promptly. If you are unsure about a diagnosis, always get a second opinion from a reputable contractor.

- **HOT TAR ROOFING:** Phony contractors send mailings, telemarket, or go door-to-door in this scam, which usually targets businesses. These contractors offer a price that sounds too good to be true and want to do the job immediately. They use substandard materials and perform shoddy workmanship. In many cases, businesses don't realize they've been burned until after heavy rains cause the roof to leak resulting in damage to the office's interior. When the company calls the contractor for repairs, its phone number has been disconnected and he is nowhere to be found.”¹⁵

How to Avoid – Do not agree to have work done by a contractor that comes to your door offering business. Do not pay the full price for work before it is complete. Make sure to get a written contract that says what the work to be done is, as well as the price. Check with the Better Business Bureau to find out what information they have about the contractor or company. Do not deal with a contractor that refuses to give customer references, or will not provide proof of insurance.

Home medical equipment

The Bait – There are numerous medical devices that can be used at or installed in a home to make life more convenient. In some cases, the devices are necessary to be able to live at home without additional care. The necessity and convenience of these items can make them easier to use in a scam.

The Hook – Many cases of fraud involving home medical equipment involve claims regarding Medicare coverage. Medicare will generally cover most of the cost of equipment that has been prescribed by a doctor and is medically necessary.¹⁶ Wheelchairs, oxygen equipment and hospital beds are examples of these types of equipment.¹⁷

Examples - Scammers may try to sell you unnecessary equipment, claiming that Medicare will pay for it, though it will not. In other cases, you may get a call stating that a device will be delivered and installed into your home even though

¹⁵ <http://www.bbb.org/upstate-new-york/industry-tips/read/tip/recognizing-home-improvement-scams-119>

¹⁶ <http://www.senior-inet.com/articles/article16.htm>

¹⁷ *Id.*

you didn't order it. In other cases, the scammers don't have a product to deliver, but instead steal insurance information to use for false claims.¹⁸

How to Avoid – To avoid home medical equipment scams, always consult with your doctor or medical professional regarding what equipment you need and what vendors to buy from.¹⁹ Do not buy from, or give any personal information to, a seller that does not have a store or showroom that you can visit. Look out for solicitations that claim the products are endorsed by Medicare, because Medicare does not supply equipment or recommend vendors.²⁰

Hearing aids

The Bait – Hearing loss greatly affects the way a person lives his or her life, and more than 35 million Americans suffer from some degree of hearing loss.²¹ For some varieties of hearing loss, a hearing aid is a good way to maintain roughly the same lifestyle as those without hearing loss.

The Hook – Hearing aids can be very expensive and do not all work in the same ways. Additionally, to be effective, a hearing aid needs to be fitted to a person's ear. Unscrupulous merchants may sell a more expensive aid than is needed, or may not be licensed to dispense hearing aids at all. Furthermore, a medical examination is required before a hearing aid can be sold unless the patient waives that requirement.²²

How to Avoid – Visit a doctor and have your hearing loss diagnosed. Your doctor may recommend that you see an otolaryngologist, a doctor that specializes in ear, throat, and nose health. In some cases, surgery can permanently fix hearing loss, and is a better option than a hearing aid. Many states require a trial period of 30 to 60 days²³, but so make sure that this kind of trial period is written into the purchase agreement.

Miracle cures

¹⁸ http://www.aarp.org/health/medicare-insurance/info-11-2010/durable_medical_equipment_fraud.html

¹⁹ http://www.seniorbrigade.com/consumer_protection/documents/3.HealthScams.pdf

²⁰ *Id.*

²¹ <http://www.consumer.ftc.gov/articles/0168-buying-hearing-aid>

²² *Id.*

²³ *Id.*

The Bait - An advertisement or video may claim that they have the cure to any number of common problems, possibly all of them at once. They will offer testimonials of patients who have been cured, and the price is often much lower than the health care that would be required for the same ailment.²⁴

The Hook – The products offered as miracle cures may do nothing at all. Worse, products that have not been tested and approved by the Food and Drug Administration may be extremely dangerous.

Examples – Miracle cures are often related to the following:

- Weight Loss
- Sexual Performance
- Memory Loss
- Cancer
- Diabetes
- Heart Disease

Miracle cures may claim to be effective against a wide range of ailments. The miracle cure might be suggested after filling out a medical questionnaire on the internet. They may claim to be endorsed by a mystical guru, or be made of a mystical substance.²⁵

How to Avoid – Consult with a health care professional before taking medication. If the claims advertisers make seem outlandish – too good to be true – they could be a scam and you should avoid them. Research a product and find out if it is approved by the Food and Drug Administration at <http://www.accessdata.fda.gov/scripts/cder/ob/default.cfm>

Travel scams

The Bait – Travel is expensive, especially during summer when there are many people vacationing. Finding good deals on air fare, lodging, and food are all a priority for anyone travelling. Thieves know this, and create fake deals, taking the money of would be travelers.

The Hook – Travel scams often involve much lower than normal pricing, or supposedly free offers. These offers lure customers in, and then the scammers use a

²⁴ <http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm341344.htm>

²⁵ <http://www.badbusinessreport.com/category/miracle-cures/>

number of tactics to get the travelers money without delivering the product described.

Examples – One way that crooks will get your money is by getting you to sign up for the free or extremely cheap vacation package they are offering, but it turns out the price they quoted is only for the airfare, with the hotel charges being much higher than normal.²⁶ Fake rentals or timeshares are common as well, where after a potential traveler has already paid via wire transfer, they find out the vacation property does not actually exist, or that it was not actually available for rent.²⁷ In some cases, payment is made for airfare or other services, which are never delivered, and the scammer cannot be found.²⁸

How to Avoid – Do not respond to unsolicited emails or phone calls regarding travel arrangements. Instead, go to a reputable travel agency that you or someone you know has used before. The deals might not seem as good, but it is better safe than sorry. Don't give out personal or financial information in response to "free" offers, as they may just be a ploy to steal your money or identity. Notify your bank of your travel plans in advance, including locations and dates, that way the bank has a record in case a scammer uses your information after you've returned home.²⁹

Credit repair

The Bait – Bad credit can seriously impact a person's financial life, and can even prevent a person from renting some homes, or getting some jobs. Along comes an email or phone call, offering to erase your credit history and give you a new start. It is an appealing offer.

The Hook – Personal credit cannot simply be erased, and a new start is only achieved through strict financial planning. Instead, businesses offering these kinds of services may be selling you false information, or worse, a stolen identity.³⁰

How to Avoid – Do not be fooled into purchasing services that say they will erase your credit history or give you a new credit identity, because this can only be achieved over time. Avoid credit repair companies that offer you new numbers to

²⁶ <http://www.consumer.ftc.gov/articles/0076-telemarketing-scams>

²⁷ <http://www.nclnet.org/personal-finance/64-fraud/389-time-for-vacation-avoid-travel-scams>

²⁸ *Id.*

²⁹ *Id.*

³⁰ <http://www.consumer.ftc.gov/articles/0225-credit-repair-scams>

apply for credit with, as these could either be stolen Social Security numbers, or other numbers that cannot be used for credit applications.³¹ Do not deal with companies that push you to pay in advance, or encourages you to give false information. Be sure to get a written agreement detailing the services that the company will perform for you and how much you have to pay.

Phishing

The Bait – Phishing can come in many forms, but always involves a scammer using a business name or website that is the same, or imperceptibly similar to that of a reputable business. By using a trusted name, the scammers gets you to enter personal information, often social security numbers or usernames and passwords, which they then use to steal from your identity or money. Phishing attempts often look and sounds very much like the genuine businesses, so it is important to pay attention to details.

The Hook – Phishing relies on looking or sounding like the real thing so that you let your guard down. Phishing emails or telephone calls may insist that you must take action immediately or lose out on an opportunity or otherwise be punished.

Examples – The following are some examples of phishing to give you an idea of what to watch out for:

- **Fake Amazon email:** The following email is not actually from Amazon.com, but claims to be. In some cases, similar emails will use copies of the logos from the companies they are impersonating. The things to watch out for in this email are the hyperlink leading to a non-Amazon site, the request for “additional information,” and spelling errors. All of these can be signs of a phishing scheme.

Dear Amazon® member,

We are contacting you to inform you that our Account Review Team identified some unusual activity in your account. In accordance with Amazon's User Agreement and to ensure that your account has not been compromised, access to your account was limited. Your account access will remain limited until this issue has been resolved. To secure your account and quickly restore full access, we may require some additional information from you for the following reason: We have been notified that a card

³¹ *Id.*

associated with your account has been reported as lost or stolen, or that there were additional problems with your card.

This process is mandatory, and if not completed within the nearest time your account or credit card may be subject for temporary suspension. To securely confirm your Amazon information please click on the link bellow:

<http://citdsl.fix.netvision.net.il/login.html>

We encourage you to log in and perform the steps necessary to restore your account access as soon as possible. Allowing your account access to remain limited for an extended period of time may result in further limitations on the use of your account and possible account closure.

For more information about how to protect your account please visit Amazon Security Center. We apologize for any **inconvenience** this may cause, and we **apriciate** your assistance in helping us to maintain the integrity of the entire Amazon system.

Thank you for using Amazon!

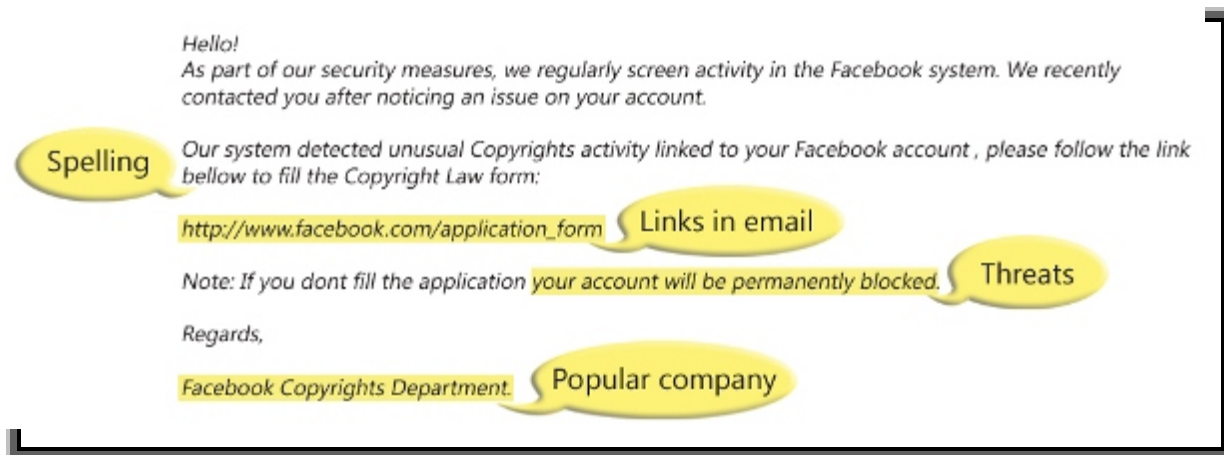
The Amazon Team

Privacy Notice © 1995-2007, Amazon.com, Inc. or its affiliates.

Source: ConsumerFraudReporting.org³²

- **Fake Facebook email:** Like the Amazon email above, the Facebook email below has some telltale signs of phishing. Spelling and grammar errors can be a sign of phishing, especially from a large or popular company. Threats regularly come up in phishing scams, such as account closures or fines.

³² http://www.consumerfraudreporting.org/phishing_Amazon.php



Source: “What is Phishing,” Microsoft.³³

How to Avoid – Do the following to avoid falling for a phishing scam:

- Check hyperlinks before following them. In email, you can do this by hovering your mouse over the link for a few seconds, but not clicking on it. If the link that appears when you do this does not match the one in the email, do not click on it!
- Do not follow suspicious hyperlinks in emails. This includes if the hyperlink appears legitimate, but the rest of the email is suspicious. Hyperlinks that are a string of random letter and/or numbers are usually fake. If there is spelling error or the name of the website is not what you expect, it is likely fake.
- If you are requested to provide your password in an email or telephone call, do not do it! Reputable businesses will not ask for your password.
- If you get an email or telephone call threatening to close your account for some error or problem that you did not know about, investigate before providing any personal information. Call your bank using a number from the telephone book, or type in the address of a website directly so you know you aren't being taken to a fake website.

Foreign dignitary schemes

³³ <http://www.microsoft.com/security/online-privacy/phishing-symptoms.aspx>

The Bait –A wealthy foreigner in need contacts you because they need someone trustworthy to hold or transfer money for them while they take care of some trouble in their home country. As a reward, you will be given a hefty portion of their fortune.³⁴ This fraud can come by letter, email, telephone, or even fax.³⁵

The Hook – Unfortunately, this is usually a variation on advance fee scams. The foreign dignitary requests that you send them your personal information, or wire a fee to them so they know you are serious about the transaction. Once they have your money or information, they either ask for more or they disappear, with none of their promised riches coming to you.

Examples – The following is an example of a foreign dignitary scam that was received by fax. It is important to note that the scenario and the name are similar to actual events that occurred, supposedly adding legitimacy to the scheme. Also note the poor grammar and spelling errors.

From: Charles Taylor (JNR).
Telephone: +255 768 369 224
FAX +27 865 140 721

Greetings:

May I use this opportunity to introduce myself to you my name is Charles Taylor (JNR) I am the son of former president of Liberia. A country in West Africa, my father who is currently being held against his will by the United Nations for alleged offences of war crimes.

He is currently facing court trial in the Hague in Netherlands. My father is a good man who tried to do so much for our people Liberians.

I am contacting you with the believe that we will develop a cordial business relationship which will be beneficial to both of us. My father gave me your contact when I visited him on the 19th of November 2009. He said that he have a lot of confidence and trust in your personality.

My father keep the sum of (one hundred and seventy seven million United States dollars) \$177.million USD. In a banks security vault under the name of his friend a foreigner from your country. As the next of kin to the deposit to avoid any trace. This friend of my father died on 25th July 2009 in a motor accident.

My father directed me to use this money for investment purposes specifically in your country.

I promise to give you 30% of the total funds for your assistance and 10% of the profit after tax for five years.

³⁴ <http://www.ag.state.mn.us/Consumer/Fraud/Top5Scams.asp>

³⁵ <http://fraudpreventionunit.org/2010/10/18/foreign-dignitary-scam-kicks-it-old-school/>

I am currently in a refugee camp here in Tanzania and I have made contact with the bank manager of the bank where my father deposited the funds. I have also inspected the funds and confirm that it is still with them. I will give you all the details on how we will claim these funds on receipt of your response.

I have the whole documents for the deposit. I therefore seek your assistance in transferring this funds out of Tanzania.

Best Regards,

Charles Taylor (JNR)

Note: please send all your contact information through my above fax numbers, as soon as I receive your contact information I will send all the details on how we are going to conclude this transaction.

Source: Fraud Prevention Unit.³⁶

How to Avoid – If you receive any communication of this sort from a foreigner, especially if they are from Nigeria, where this scam is most commonly run from, do not respond in any way. People basically never give away vast sums of money, so remember that if it seems too good to be true, it probably is. Do not be fooled into thinking you just got extremely lucky.

Can't miss investment opportunities

The Bait – There are many forms of investment opportunity scams. They can involve fake business opportunities similar to those discussed in the work at home section. Ponzi and pyramid schemes are other kinds of investment scams. What they all have in common, however, is the promise to make a lot of money, usually in a short period.

The Hook – There may be no genuine investment opportunity, so you waste time and money by getting involved. In some cases, funds that are paid out to investors are obtained illegally. In the case of Ponzi and pyramid schemes, early investors only get money if there are later investors, so the returns are unstable.

Examples – These are some examples of investment opportunity scams:

³⁶ <http://fraudpreventionunit.org/2010/10/18/foreign-dignitary-scam-kicks-it-old-school/>

- **Ponzi scheme:** With the promise of high returns, all an investor in a Ponzi scheme has to do is pay a fee to the organizer of the scheme. There may or may not be a description involving the product that will supposedly generate these profits. The organizer then seeks new investors, paying out to earlier investors from those funds. When new investors run out, so do the payouts, if there were any to begin with.³⁷
- **Pyramid scheme:** Similar to the Ponzi scheme in that investors only get a payout if there are later investors, and that is the only money coming into the business. In a pyramid scheme, however, it is up to you, the investor, to find the next target. Pyramid schemes, like Ponzi schemes, are a form of fraud, so do not participate in one.³⁸

How to Avoid – For any investment opportunity, watch out for these red flags:

- **Unsolicited Opportunity:** You may get a letter, email, or telephone call offering you a great opportunity to invest. The scammer will make it seem urgent that you invest right away, or you will miss out. Good investment opportunities do not need to be advertised unsolicited in this way.
- **Guaranteed Returns:** If an investment opportunity claims that they can guarantee a return on your investment, stay away! No investment is risk-free, and a guaranteed return is a sure sign of shady business.
- **“Everyone is Buying”:** Some scammers will try and pressure you into investing by claiming that everyone else is doing it, so you should too.³⁹ This increases the pressure to buy as you may believe you are missing out. This is a selling tactic and should not influence your decision to invest.

Government grant scams

The Bait – Often by telephone, or sometimes by email or in advertisements, an offer is extended for a government grant that can cover any kind of expense. The grants may be free or require a small fee to initiate. Better yet, the telephone

³⁷ <http://www.sec.gov/answers/ponzi.htm#PonziVsPyramid>

³⁸ *Id.*

³⁹ <http://www.investor.gov/investing-basics/avoiding-fraud/what-you-can-do-avoid-investment-fraud>

representative or email will congratulate you on already having qualified for the grant⁴⁰

The Hook – These grants are not actually being offered by the government, and there is no actual money for you to receive. Instead, these are scammers who are trying to gain access to your bank account by saying that they just need the information to deposit your funds. Or they request a one-time fee, going as far to say you will have the fee refunded if you are unsatisfied. Once they have your money or information, these scammers disappear, and you receive nothing.⁴¹

How to Avoid – Government grants will not be offered to a person unsolicited, whether by phone, email, or any other means. Instead, a person seeking a grant from the government has to apply, and grants are given for specific purposes, not for general expenses. The government will not charge a fee for a grant, so do not pay any fees in order to receive funds. Do not give out your bank account information to anyone without being absolutely sure that you are dealing with a reputable organization and that the information is necessary.⁴²

Sweepstakes, Prize Promotions, and International Lottery

The Bait – You may receive a notification that you have won a sweepstakes for a large cash amount, a fantastic vacation, or some other great prize. All you have to do is pay a fee or buy some merchandise to receive your prize. The sweepstakes may even be offered by a name you recognize such as Publisher’s Clearing House or Martha Stewart Living magazine.⁴³ In some cases, they may demand that you pay the taxes on the prize up front.

The Hook – The sweepstakes, promotion, or lottery is most likely a fake and there is no prize. If you buy the merchandise or pay the fee, you will get nothing in return. If the notification is supposedly from some reputable source, they may have faked their information. International lotteries are not legal in the United States, so even if the operation is legitimate, it is not legal for you to participate.⁴⁴

How to Avoid – Keep these tips in mind to avoid sweepstakes scams:

⁴⁰ <http://www.consumer.ftc.gov/articles/0113-government-grant-scams>

⁴¹ *Id.*

⁴² <http://www.nclnet.org/personal-finance/120-job-scams/560-government-grant-scams-promise-free-money-deliver-debt>

⁴³ <http://www.nbcnews.com/id/27439114/#.Ud8m3dJInnE>

⁴⁴ <http://www.onguardonline.gov/articles/0002c-lotteries-and-sweepstakes-scams>

- “Beware of any sweepstakes that charges money for entry.
- Beware of any prize promotion that requires you to send in a payment or makes you buy merchandise.
- Be aware that it is not the prize promoter’s responsibility to charge the winner for tax. If the promoter is authentic, it will just report your winnings to the Internal Revenue Service and the IRS will bill you for the appropriate taxes.
- Be aware that the description of the prizes may not be accurate.
- Do not be swayed by high-pressure sales tactics of promoters.
- If you do not remember entering a sweepstakes or buying a ticket in a lottery, you most likely have not won a prize.”⁴⁵
- Do not pay a fee, especially by wire transfer, in order to have your prize released to you.

Charities

The Bait – Charities offer a number of wonderful benefits to many people. The desire to give to a particular may be compelling. You may receive correspondence or a phone call asking you to give a charity, perhaps involving something you care deeply about. The charity representatives or correspondence may vividly depict the issues that are plaguing people who need help, further inspiring your desire to give.

The Hook – Some of these charities are frauds that will accept your donations but never give to any cause. Others keep most of the money they receive, while giving very little. As is the case with many scams, a supposed charity may even be a trick used in order to get your personal information for identity theft purposes.

How to Avoid – Here are some tips on how to avoid bad charities or charity scams:

⁴⁵ <http://www.newyork.bbb.org/sweepstakes-and-prize-promotion-schemes/>

- Always research a charity before giving your money. Contact the [National Association of State Charity Officials](#) to find out if the charity is registered in your state. Do an internet search on the charity including the charity's name and "scam" or "fraud" to get an idea of what kind of reputation it has.
- Ask detailed questions about how the charity spends its money. If the charity is unwilling or unable to answer such questions, or seems to change the answers, avoid them because they are likely being dishonest.
- Stay away from charities that use high-pressure tactics such as demanding an immediate donation, or not letting you ask questions.
- Do not give to charities that ask for cash or wire transfers. Cash and wire transfers are gone once you've sent them, and there is no way to get that money back. Additionally, there is no record for tax purposes.