

**Title:**

Here Are Some Tips to Avoid Telephone Fraud

**Word Count:**

900

**Summary:**

There are always people trying to con you out of your money. Many do it over the telephone.

**Keywords:**

credit, telephone, division, money, information, donation, phone, consumer, consumer protection, scam, fraud

**Article Body:**

Fraudulent schemes range from peddling water purifiers, vitamins, and make-up kits to stock investments and abusive "900" numbers. According to the Alliance Against Fraud in Telemarketing (AAFT), Americans lose an estimated \$40 billion each year to telemarketing fraud. Con artists and swindlers use the telephone more and more as their "weapon" to hold up victims.

If a sales pitch sounds too good to be true, just hang up. If you don't, you may become the next victim of telephone fraud.

**Top Phone Scams**

While some of the following products and services can be and are legitimately sold by reputable telemarketers, the Division of Consumer Protection has identified seven areas where fraud can occur and does the most damage to the consumer's wallet:

**Free Prize Offers:** If you receive a phone call that you have won a free prize, be cautious! Usually there are conditions to securing those offers such as substantial handling fees, shipping charges, membership fees and/or the purchase of other merchandise.

Ask the telephone solicitor what the prize is worth. It may be of little value, and it may not be worth the money you will have to spend to receive it. A "contest" or an offer of a "free" prize or gift is only a sales tactic. No one is in business to give things away. Look for strings attached. Telemarketers must be registered with the Division of Consumer Protection. Call the Division to verify current registration.

**Charitable Solicitations:** Telephone solicitation is one method used by charitable organizations to raise funds from generous consumers. Unfortunately, fraudulent charitable operators may call you, too. State law requires charities to inform donors if they are registered with the state, what the permit number is and what percentage of your donation will actually go to the charity. Call the Division of Consumer Protection to verify the information they give you.

When you make a donation, it is a good idea to pay by check and make the check out to the organization, not the person collecting the donation. Be cautious of organizations that pressure you to pledge money on the spot or tell you they will send a representative immediately to your home to pick up your donation. A legitimate charity will gladly accept your donation today, tomorrow, or a month from now.

**Travel Offers:** It can be quite tempting to purchase a bargain-priced travel package over the telephone, but be careful. Many of these scams operate by enticing people to join "vacation clubs" or offering consumers "free trips." Often the vacation club or free trip has many hidden costs or conditions attached. Your bargain or free trip could end up costing you a lot of money.

**Investment Fraud:** Many unsound investment opportunities are peddled over the telephone. Fraudulent sales pitches usually involve such statements as "you must act now," "there is no risk" or "this must be kept a secret." Promoters will often try to make you feel guilty or silly for asking questions or exhibiting doubt. Stop and think before you quickly turn your money over to an investment promoter calling on the phone. Ask for written information. And, if you are receiving undue or uncomfortable pressure, or if other "warning flags" arise during the conversation, hang up.

**"900" Numbers:** When you call a "900" number, you are charged either a fee for the number of minutes you are on the phone or a flat fee for the entire call. These fees can add up rather quickly after you have spent more than a few minutes on the telephone.

Some services will keep you on the line for an extended length of time before you get all of the information you called for, making it a very expensive phone call. Find out the costs of the call before you make it, and never call any "900" numbers that doesn't disclose the costs up front.

Recently, unscrupulous telemarketers began transferring calls made to toll-free "800" numbers over to "900" numbers. This improper practice makes it more important today than ever before to know who you are calling. You should also listen carefully to any recorded information at the beginning of the call.

Advance-Fee Loan Scams: These scams often target people who are out of work or have poor credit ratings. Con artists promise "guaranteed" loans, no matter what your credit rating is, in exchange for an up-front processing or application fee. You may wait weeks or months to find out credit has been denied and the processing fee is not, as promised, refunded. Or, you may never hear from the company again, and may even find the company is withdrawing from your credit card or checking accounts using information you disclosed over the phone.

Credit Repair Schemes: If you are having a problem getting credit, you may be tempted to listen to telephone solicitors who advertise quick and easy solutions to credit problems. Unfortunately, in many cases, these companies take your money and do little or nothing to improve your credit history. Credit repair companies cannot remove bad credit information from your files. If there are genuine mistakes on your credit file, you can remove them yourself--for free. Credit repair companies must be registered with the Division of Consumer Protection. Call the Division to verify their registration.

#### First Line of Defense

Your best defense is yourself. Follow some basic rules, and arm yourself with the tools to safeguard your hard-earned money from telephone con artists.