

# Scams



**Pittsburgh IAP/ARS**  
**2475 Defense Ave**  
**Brought to You by Your Family Support Office**

## **Table of Contents**

Introduction	Page 2
The Come On	Page 3
Topical Areas	Page 4
Medical Fraud	Page 4-6
Work at Home Schemes	Page 6
Charity Fraud	Page 7
Land Fraud	Page 7-8
Insurance Fraud	Page 8
Tele-fraud	Page 8
Home Improvement Fraud	Page 9
Lotteries	Page 10
Chain Letters	Page 11

Mail Theft and Security	Page 12-14
Use Neighborhood Watch	Page 14
Unsolicited Merchandize	Page 15
Internet Fraud	Page 15

## **Introduction**

Fraud has most likely been around since people first inhabited the planet. One of the distinguishing qualities that separate people from every other species according to some sage philosophers is our ability to lie.

Back in 1983 the author had the opportunity to travel to ancient Pompeii and see the ruins of a city that came to a standstill in AD 78, as Mt Vesuvius, which is really only a bump on a giant volcanic caldera blasted the Romans city of Pompeii out of ancient history.

Not too dissimilar to many of our cities today there was a “Red Light District” near the courthouse. It turns out that civic activities in ancient Pompeii allowed the main courthouse to be used as an evening casino. There archeologists located numerous “loaded dice” that revelers used in plying their gambling pursuits.

Human nature has not significantly changed from that day to this day. Consequently, greed remains a basic make up of humans that can only be overcome by ethics, discipline and a devotion to a higher order of values.

Scams operate on the premise that the mark, that would be you or I, deserves what they get for being so greedy as to only see the potential for reward. Those who operate such scams are greedy also, and they know it, and they know that a certain number of people will exhibit the right combination of greed, ignorance, credulity, and lack of reasoning to enrich them. For them it is a statistical game of averages, coupled with the risk factor of being reported and prosecuted.

The purpose of this handout is to pre-arm you so you fail to fall prey to some of the more sophisticated versions of modern scams, made all the more accessible by modern communications, and the way we now often do business with those we do not know.

This handout will allow you the option of reporting some of the greedy and give them new accommodations consisting of “three hots and a cot”. In some instances, those hunting your money or identity are not from our country in which case justice is likely to be less sure, but then you have the satisfaction of knowing their government will be hearing about it, and that you were not prey.

## The Come On

Let's start with that tried and true inoculation, “if it sounds too good to be true”, it probably isn't.

CONGRATULATIONS! You have been personally selected to receive our valuable off of a new jeep Cherokee, a trip for two to Hawaii, or a \$1,000 savings bond...if you qualify for our drawing.

To qualify, all you need to do is register. Registration is a low, low \$29.95. Now Mr Smith, wouldn't you love to say you bought a new jeep Cherokee for only \$29.95? While you're relaxing on the sunny beaches of Hawaii with your wife, wouldn't it be great to know that it only cost you \$29.95. And, Wow! What an investment - to know that a \$1,000 savings bond only cost you \$29.95.

Now Mr Smith, you can qualify to enjoy one of these great prizes if you register **TODAY**. But, to qualify, you must register **NOW**. By simply giving me your credit card number, you can be one of the lucky winners. What an opportunity for you! I'm sure you won't want to pass up this opportunity of a lifetime. Now Mr Smith, how would you like to register - VISA, Master Card, or American Express?

How often have you heard a similar pitch, over the phone, and usually at dinner time? You're not alone. And, unfortunately, too many people fall prey to this type of scam.

You can save time and money when you shop by mail. Most mail order companies are honest and stand behind their products and services. But, there are a few rotten apples who give direct mail advertisers a bad name.

They cheat people by peddling worthless products, medical quackery, and get-rich-quick schemes. Some fly-by-night operations even take your money and send you nothing.

Unscrupulous businesses don't mind taking advantage of an unwary customer. "Let the customer beware" is their motto - and, you might be their customer. Fraud works because people don't recognize it until it is too late...or, our own personal larceny overwhelms prudence and caution. To stop fraud, you've got to know it when you see it. And, we must overcome our own greed. IF IT SOUNDS TOO GOOD TO BE TRUE...

## **Topical Areas**

Consumer fraud comes in many flavors. This handout will cover areas such as medical fraud; work at home schemes, charity fraud, land fraud, insurance fraud and telemarketing fraud. Home improvement fraud, lotteries, chain letters, mail theft and security will also be addressed. There is email driven fraud, such as requirements to contact a bank to disclose information about your person for an account you do not have, there is the ole last surviving relative of a foreign born person with your same last name who died in a plane crash that requires just a little bit of money to extract it from the clutches of a foreign government's legal system.

## **Medical Fraud**

Marshal McLuhan warned us, "The Medium is the Message." Today that medium is so powerful that if we "hear it on radio, see it on TV, or read it in newspaper or magazine" we subconsciously assume it to be true. The "medium" overpowers common sense even when we know better.

You've seen and heard all the advertisements...radio, TV, print and periodicals...we can't escape them...and, unfortunately some of us fall prey to them. The simple truth, WE WANT TO BELIEVE that there are miracle cures for everything and we don't mind spending our hard earned money taking a chance now and then. Let us not forget that some services offer internet pop-up

protection, so we have one more medium to assault our senses in operation, one that allows us to order on line.

.

The snake oil merchant is still with us. But today, these quacks are highly sophisticated salespeople who use widespread deception to peddle their miracles.

Not only do they get our money, but the unfortunate facts are; most of these gimmicks and gadgets as advertised are not even tested by competent medical authorities, and some are downright dangerous.

Is there for example an instant cure for arthritis? Paleontologists report that dinosaurs show evidence of arthritis. There are medical treatments that can help us adjust to the pain associated with it, some supplements which may or may not offset some of the effects. The most effective treatments require prescriptions from a recognized medical authority

Lose weight overnight, evidence supports the notion that adequate sleep is essential for losing weight. Such sleep is free for the taking, and of course the results will not be dramatic but only gradual.

Look years younger: is a mantra that appeals to many people in our youth centered culture. Were we to live in a different culture where age is respected, then we would perhaps be enticed to follow practices much more likely to work, i.e. look older. One of the latest crazes is HGH. Human growth hormone declines as we age in a predictable fashion. It is the hormone that stimulates the body to repair itself. Too little or too much hormone can result in premature death. HGH supplements are not human growth hormone. Human Growth Hormone is an enzyme which must be injected into the body. Misuse of human hormone is a federal offense carrying up to five years in prison. HGH supplements claim to stimulate the production of human growth hormone, which is manufactured in your pituitary gland. Do they?

Make Hair Grow: wherever there is an active follicle there is the potential for a hair to grow, where there is not an active follicle, hair cannot grow. This is called baldness. It is usually inherited. There are topical formulas that claim to influence hair follicles, but checking with a physician for an opinion is a safer way to go, especially if the solution alters your hormone balance in a way that negatively impacts your health.

Food supplements are not as regulated as prescription drugs. Part of this is as a result of frustration with the slow moving wheels of medical review and approval through the Food and Drug Administration which frequently require longitudinal studies to verify the efficacy of a drug. The story below is an example of how manufacturers make money through medical fraud.

Not long ago, was an ad for an amazing concentrated vitamin capsule guaranteed to dissolve the fat right out of your body. Sounded great - exactly what is needed to shed a few unwanted pounds? But when lab experts analyzed those pills, guess what? They found vitamins alright, but the rest was just fillers to make you feel full....the scales continued to run up yielding the same ole' bad news for many a user.

If you're interested in Medical Fraud and would like more information, Dr Malcolm Sparrow's book; "License to Steal" is an option.

Even if you're not, at least protect your health as well as your pocketbook. Check with your health provider or family doctor before purchasing any cure-all.

<b>Medical Fraud</b>	<b>Do</b>	<b>Don't</b>
Trust you health to a salesman or saleswoman		X
Believe claims of a secret cure or miracle drug		X
Believe claims of excessive weigh loss		X
Believe exaggerated claims of regained youth		X
Count your pills, get what you play for.	X	
Ask for itemized bills	X	
Ask questions, report suspicious activities	X	
When taking herbal supplements, verify the known effects of each herb	X	

## **Work at Home Schemes**

"Earn \$400 to \$600 per week in your own home, no investment necessary, choose your own hours"

You've seen or heard this ad before...maybe even responded to it. Thousands have...in the process helping unscrupulous promoters pocket millions of their hard earned dollars.

For example: Envelope stuffing. This is the most common type of work-at-home fraud. Typically, there is nothing to stuff. Instead, you receive instructions to place ads like the one you responded to! Other schemes require you to make baby booties, Christmas wreaths, or other specialty products for which there is little or no market.

**Always** suspect any ad claiming you can earn **unusually high income** with little or no effort on your part.

**BEWARE:** Work at home schemes **will not** guarantee regular salaried employment. They **will** require you to invest **your money** before explaining how a plan works or before you are sent instructions. Once you invest the instructions or work you are asked to do only **continue** the fraud by getting other **victims** involved.

## Charity Fraud

Most mail solicitations for charitable contributions are legitimate appeals by reputable organizations. But, some are phony. Charity fraud does a lot of harm. The swindler takes advantage of people's good will and takes their cash...money that was meant for people in need.

But, some people only want to help themselves. Even the most legitimate charities some times have bad actors that spend money on their salaries and benefits in excess of common decency.

Be suspicious of charities that only accept cash. Make your check or money order out to the organization you want to donate to. Only give to charities you know.

Check out those you have never heard of, or whose names are similar to well known charitable organizations by calling BBB National Charity Information Service - (703) 276-0100.

Another consideration is what percentage of revenues is expensed as overhead. Normally you will not want to donate to a charity that spends more the 25% of revenues for overhead.

The environmental non-profits have become so savvy that there is an environmental public relations degree now offered. Most of the 6.6 billion dollars donated to environmental groups according to a story in a prominent news



magazine goes to groups that promote environmental education, versus projects to actually positively impact the environment. One such CEO was found to be living in a log cabin and driving an SUV.

Recently there was a PETA scandal where cats given in good faith for adoption were killed and found in dumpsters. This is a group known officially to be front and center against cruelty to animals.

## **Land Fraud**

People often respond to attractive land sales advertisements. The lure of a warmer climate, low down payment, and easy monthly installments are enticing. Buying sight unseen is dangerous. You could discover that the land is in the middle of nowhere and can't be resold for even a fraction of the price paid. So, do your homework and follow these common sense tips...

- Never buy land by mail or internet without first visiting the property
- Get verbal promises and guarantees in writing
- Obtain a property report from the sale person or developer
- Contact the Better Business Bureau where the land is being sold
- Located a local real estate broker and compare land prices
- Be leery of land given away in foreign countries that require an upfront investment for deeds and registration expenses.

## **Insurance Fraud**

There are some slick operators who run insurance schemes and try to sell you anything in the insurance line, regardless of your existing coverage or need. And typically, their premiums far exceed those charged by reputable insurance firms. Fortunately, these schemes have certain recognizable features that can help you spot them.

- They may ask for a cash payment
- They may request a lump sum payment
- They may ask that you sign a blank insurance form

When purchasing insurance always:

- Shop and compare companies and policies
- Read all of the fine print on documents
- Purchase only the coverage you need

- Discuss the purchase with family, friends and an attorney before accepting and signing a final offer.

A final note: Some of these schemes are downright vicious. One crook told a 93 year old woman, who lived alone, that she was purchasing the best health insurance money could buy...he was right. But he sold her **Maternity Insurance**.

## Tele-Fraud

These schemes, also known as “TELEFRAUD,” often involve the use of the telephone, fax machine, private couriers and the US Mail. Tele-fraud boiler room operators prey on all segments of society. Their high pressure sales tactics demand a decision **right now**, leaving their victims no opportunity to seek outside advice or to check out the offer.

The guaranteed prize, discount vacation, and the investment opportunity are typical telephone fraud scams. But, there are many more schemes that claim to offer low-priced office supplies, job opportunities, advertising specialty items, credit cards, and vitamins. Just to name a few.

### **Beware of any unsolicited offers.**

Telemarketing fraud is more common than you think...

- 10% don't have a product to sell

How successful are these 14,000 plus illegitimate operations? According to the FBI, within the last two years...

- The estimated 14,000 illegitimate operations netted the criminals over 40 billion dollars in a recent two year span.

Telemarketers often target the elderly. Consequently, the AARP, the largest special interest group for the elderly has an information center open to anyone to call in order to check out telemarketing fraud. They can be reached at 405-632-1925.

Once you know that you have been victimized there is a national number for fraud reporting: 1-800-876-7060. Call it. You will not only save other people the grief of losing money, but can help provide these telemarketers a free vacation of

their own where they can obtain free lodging, meals, recreation and close personal assistance in a prison nearest them.

### **Four Steps to Take**

- Resist - legitimate businesses always give you time to think it over
- Reject unsolicited offers - comparison shop
- Personal financial information, if given, could set you up for further losses
- If you are suspicious - REPORT...

### **Home improvement Fraud**

Home repairs and improvements can be costly - so watch out if somebody mails you a brochure offering to do an expensive job for an unusually low price - or to make a free inspection of your home. These are the favorite tricks of a dishonest home repair firm. Some offer a price you just can't resist. Once you sign the contract you learn why - they never deliver the service or product. Free inspections usually turn up plenty of expensive repairs you don't need. Some shady companies will offer to do the work on the spot. When they leave, you may be left with a large bill and a faulty repair job...often repairs you didn't need in the first place.

If you do need repairs, use these simple precautions. And remember, when paying, legitimate businesses will be happy to arrange installment payments over the period of work...1/3 up front, 1/3 at mid point of the work, and 1/3 when the job is finished. Terms of payment might be the most tell-tell indicator of fraud...so NEVER PAY WITH CASH.

In one instance, there was a contractor who undertook work he was incapable of finishing after taking advances. The result was he was imprisoned, but that did not alleviate the home owners from the loss of capital they expended on the job.

To avoid this sort of outcome:

- Get several estimates
- Ask friends for recommendations
- Contact the Better Business Bureau regarding the company's reputation
- Once again, pay with a check or money order --- never with cash

## **Lotteries**

Federal law makes it a crime to mail letters or circulars containing lottery material...including tickets or forms claiming to represent tickets, chances, shares, or interest in lotteries. An exception to this law is when state owned and operated lotteries are authorized.

If you receive what appears to be lottery material from a foreign country, from another state, or from your own state that does not have an authorized lottery, turn it over to your post office. The lottery, or anyone participating in it, may be violating federal law.

The internet is also a prime conduit for these types of offers, often encouraging involvement in foreign lotteries, or announcing you have won a prize in a lottery you never entered and then requiring funds to be sent.

## **Chain Letters**

Have you ever been asked to participate in a chain letter guaranteed to earn you big money with one small investment? Don't waste your money...chain letters are a form of lottery and may violate federal laws. The same three elements that apply to lotteries (payment, prize and chance) also make these schemes illegal.

People lose thousands of dollars every year through these schemes. The promise that all participants in a chain letter will be winners is mathematically impossible. The first investor in the chain may receive some money, but later participants rarely even get their original investment back.

Just remember there are approximately five billion people in the world, and three hundred million in the United States. It only takes 13 mailings of the same letter by all "victims" to double the population of the world if all of the dupes follow instructions.

A typical scheme may require you to mail the chain letter, along with a specified amount of money (payment) to six people, each of whom must then mail letters to six more people (chance) who if continued unbroken will eventually yield untold dollars to you (prize).

Some chain letters masquerade as multilevel marketing plans. These require an original promoter to sell a product and enlist several other people to become

sellers, who in turn recruit others. The fact that selling a product is involved instead of winning money does not ensure legality.

By doing the following you can minimize your risk:

- Always watch for the three illegal elements of a chain letter: payment, prize, and chance.
- Be alert to chain letters disguised as multilevel marketing plans where you “sell something”.
- Question quotes saying the letter violates no law
- Turn the letter into your post office

Don't confuse regular or multi-level and prayer chain letters that promise good fortune, but require no investment. These are not illegal - just a nuisance. And, don't be intimidated by implied threats of bad luck, personal injury, or disaster to anyone who breaks the chain. Just throw it away.

## **Mail Theft and Security**

The Postal Service delivers millions of checks, money orders, savings bonds, credit cards and other valuables every day. Unfortunately, thieves know this and are ready and waiting to steal your mail. When the time is right, they break into residential and apartment mailboxes, collection boxes, and postal vehicles.

- Keep your neighbors in the know. Tell someone when you planned to be away
- Unsolicited merchandise received through the mail is yours. Keep it and make life a little harder for the bad guys...
- There are several ways to protect your mail:
- Never send negotiable instruments via mail
- Make sure your mailbox is in good condition. Boxes in poor condition invites theft and damage.
- Collect your mail promptly - especially checks and coupons.
- Be familiar with the time of day your carrier delivers and contact your post office about holding mail during vacations

of absences.

- Contact the issuing agency if you do not receive your check or other valuable mail
- Notify post office immediately of change of address
- Deposit mail only in authorized mail collection boxes or give it directly to your carrier.
- Never place mail in an unprotected area where it can be easily stolen.
- Address your mail properly. Always include your complete return address
- Advise the Postmaster immediately if you suspect theft.

In what many are calling America's fastest growing type of robbery, crooks are working without the usual tools of the trade. Forget sawed-off shotguns and ski masks: Your social security number will do the trick. Or that blank, pre-approved credit application you tossed out with the coffee grounds. Even talking on the phone could allow someone you may never meet to rob you of the one thing you may have thought safe from attack: your identity.

Thieves are literally stealing your name and your money. If you think you have been a victim, call your credit card companies to close or flag your accounts, and your bank to put an alert on your checking account

Actions to Take:

- Destroy extra credit cards and IDs. Better yet, cancel the ones you don't use and make a list of those you do use.
- Never give personal info such as, date of birth, mother's maiden name, credit card numbers, social security number or bank PIN code, over the phone. Not even to someone you know and trust. Phones can be, and are, monitored.
- Shred pre-approved credit application, credit card receipts, bills and other financial information you don't want before tossing them in the trash.

- Order your Credit Report at least once a year to check for accuracy or fraudulent use.
- And finally, remove your name from all marketing lists.
- If you have been victimized immediately report credit card fraud to the three major credit reporting bureaus.
- Fraudulent bank accounts or stolen checks should be reported immediately to Telecheck or national processing...

Follow these timely tips for IDENTITY FRAUD. If you are a victim use the resources listed below.

<b>Identity Theft Resources</b>	<b>Purpose</b>	<b>Number</b>
Social Security Administration	If your social security number has been compromised	1-800-269-0271
Consumer Credit Counseling Service	To obtain help in clearing false charges from your credit report	1-800-388-2227
Telecheck	For fraudulently set up bank accounts or stolen checks	1-800-366-2425
National Processing	For fraudulently set up bank accounts or stolen checks	1-800-526-5380
Experian	For credit card fraud	1-888-217 6064
Equifax	For credit card fraud	1-800-525-6285
TransUnion	For credit card fraud	1-800-680-7289

## **Use Neighborhood Watch**

Obviously, the best way to handle fraud and theft is to prevent it. The next time you get together with your neighbors or local group, talk to them about preventing crime in your neighborhood.

If you don't get together now. Make a point to contact neighbors and exchange information...

In Seattle Washington, people formed neighborhood watch groups, marked their valuables for "Operation Identification," and had security surveys done in their homes...Through these simple acts, they cut their burglaries in half...

## **Unsolicited Merchandise**

A cagey company sends you a gift in the mail --- a tie, a good luck charm, a key chain, but, you did not order it. What do you do?

If you're the kind of person they are looking for, you will feel guilty and pay for it. But you don't have to. Do one of these instead.

- If unopened - mark RETURN TO SENDER. The post office will send it back at no charge to you
- If you opened it...and don't like it. THROW IT AWAY.
- If you opened it...and like it. KEEP IT --- FREE.

This is a rare instance when finders-keepers apply unconditionally.

Whatever you do. DON'T PAY FOR IT. And don't get conned if the sender follows up with a phone call or visit. Unsolicited merchandise is yours to keep.



## **Internet Fraud**

Internet fraud schemes often mirror the schemes listed above. However because of the world-wide nature of the Internet, you are more liable to get a taste of international fraud schemes.

If you do not know who the sender is it is option a wise precaution to avoid opening the mail at all. If you are delivered pop-ups offering on line lottery options, gambling and the like, be aware that even if they deliver what they say you are opening yourself up to numerous other email solicitations, and whatever information you provide may be sold or provided to other companies and individuals.

Be wary of providing credit card information over the net unless it is a product you choose to purchase, i.e. a book, a game or other product and the transaction is processed using secure socket transmittal. Even then, your data may be sold to others.

**If it is too good to be true ... it usually is!**