

Hove to Avoid A Scam

When times get tough, the cons get cagier. The latest scams, shams, and devious flimflams to avoid.

By Ben Popken From Reader's Digest

Can you spot a scam? Take [our quiz](#) to find out.

The economic crisis has left many Americans deep in debt and looking for a deal-or a savior-to get them through tough times. But instead of a white knight, many are getting a shady scammer.

Inspired by the headlines, con artists slap new stories on old tricks, preying on the financial fears and desperation of hardworking citizens. After all, when you're drowning, you're interested in what the guy who claims to be selling life preservers has to say. Here, some of the newest and newsiest plays to avoid.

Bank failures, mergers, and takeovers have left depositors wondering, Is my money safe?

Scam: You receive an e-mail that says, "Do not let the financial markets' collapse affect your life, Protect yourself by clicking on the link below right now." This is the latest twist on the classic phishing scam: The link goes to a fake Web page that looks like your bank's. If you log in to update your account information, as requested, you've handed the keys to your account over to an identity thief.

The Details: Hillery Peacock, a 24-year-old student from Gainesville, Florida, received one of these e-mails, but a few warning signs tipped her off that it was a scam. It was from a free e-mail service rather than a company website, the "reply to" line was different from the "sent from," the subject line was blank, and the email was text-only, says Peacock, without any "fancy ads" that usually come with official company marketing e-mails.

Fight Back: Never log on to your bank from a link in an e-mail. Always type in your bank's URL, then log on. You should also call your financial institution to report the incident and forward the e-mail to the Federal Trade Commission at spam@uce.gov.

Banks are lending only to those with excellent credit.

Scam; Debt-settlement companies say they'll repair your credit, but instead they take your money and don't pay off your debt.

The Details: Dave Perks, 30, of Richmond, Virginia, was \$23,000 in the hole, He had a wife and a six-month-old son and was working as a waiter, hoping to land a job in advertising, Then he heard a radio ad for a debt-relief firm.

A company representative told him to stop paying his creditors, that the company would make the payments for him with the \$300 he'd authorized to be deducted from his bank account every month. The rep also told Perks to list the firm's office as the contact for his creditors so that he could stop receiving the collection calls and letters.

In seven months, Perks saved up enough money to rent a small house, Because the landlord would need to pull a credit report, Perks wanted to warn the debt-settlement firm so it wouldn't think he was taking out a new line of credit, which was forbidden under the agreement.

When Perks called the office, he listened to a message that said the firm had been forced into involuntary bankruptcy due to fraudulent business practices. Perks called his bank. It hadn't received a single payment from the firm and was about to write off Perks's account as uncollectible, leaving a serious black mark on his credit report.

Perks was out \$2,100. His tiny nest egg went to paying down the debt, which had ballooned to more than \$25,000. "It's so easy to fall into a trap when you're desperate for a solution," he says.

Fight Back: There is nothing any debt-settlement, relief, or consolidation company can do to wipe out your debt legally that you can't do on your own. However, if you feel you need professional help, find an accredited counselor through the nonprofit National Foundation for Credit Counseling (www.debtadvice.org). And watch for these warning signs:

- ! Hefty or hidden fees-anything over \$50 per month
- ! Someone who wants you to sign up for the service over the phone
- ! Agents who work on commission based on the total debt they're able to collect (if you're not sure, ask)
- ! Anyone who tells you to stop paying your creditors
- ! A "counselor" who doesn't take a genuine interest in ensuring you're educated about your financial options.

Interstate moves are at a near 20-year high as jobs get scarce and people move to keep them.

Scam: Moving company? More like hostage takers. Once all your goods are on the truck, the price skyrockets.

The Details: Clark Wilson, a flight instructor, and his wife, Marlys, a nutritionist, both 61, were relocating from Oregon to Arizona and found a good moving deal online. As the movers were loading the Wilsons' possessions, they told the couple that they had more items than had been estimated and they would have to pay more than the \$6,950 quoted on the phone. By the time the crew had loaded everything, the price had jumped to \$18,500, half of which was due on the spot, Feeling as if they had no choice, the Wilsons say, they paid by credit card.

After the movers left, however, the couple contacted MoveRescue, a consumer-assistance organization. When the movers showed up at the Wilsons' new house in Arizona, local police and a Department of Weights and Measures inspector were there to meet them. The state inspector did an official cubic-space measurement and calculated the final bill at \$11,135. Lost in the move, Clark says, were his grandfather's antique guns.

Fight Back: Beware lowball quotes. Shady movers use them to lure you in, then leave you on the hook by demanding an exorbitant rate hike. "The guys who do this are brokers, not real movers," says Steve Meissner, a spokesman for Arizona's Department of Weights and Measures. "They sell the job to a moving company that no one's ever heard of."

Check out the company's reputation in advance at protectyourmove.gov or

movingscam.com. On moving day, if the movers don't give you a copy of the federal handbook Your Rights and Responsibilities When You Move, that's a red flag. If your price jumps at any point, call the National Conference on Weights and Measures (402-434-4880) for your local agency. For more resources, go to moverescue.com.

Fannie Mae and Freddie Mac imploded, resulting in a government takeover of the mortgage finance companies.

Scam: A phony prize drawing, supposedly sponsored by Fannie Mae and Freddie Mac, requires a hefty fee to claim your nonexistent winnings.

The Details: The Better Business Bureau (BBB) has received a number of complaints about a fax riddled with grammatical and spelling errors from the "F&F Mae Mac Equity Draw," declaring the recipient has won millions. The fax says it's "part of a promotional draws ... to enable home owners who owned a home all over the United States of America have more money, and ,.. buy more homes [sic]."

A BBB investigator faxed in the forms and called the "claim agent." The man who picked up the phone, the investigator reported, "said he had my fax right there in front of him, which is interesting, since I never told him who I was, nor did he ask. But he did tell me that to collect my big prize, I was required to wire a 'processing fee' of \$850 to the Las Vegas address in my documents, and then I could collect my riches. I invited the FBI to share in my excitement."

Fight Back: It's illegal for a sweepstakes to require you to pay to get your prize. Any sweepstakes that does is a scam. Don't fall for it.

With national unemployment levels at 14-year highs, many people are desperate for work.

Scam: You're hired-to be a victim of check fraud.

The Details: A \$4,000 check showed up unexpectedly in Owen West's mailbox, along with a job offer to become a "secret shopper," a person who makes undercover purchases and reports on how well a store is run. There was one curious item on the to-do list: Wire \$3,000 to someone in New York.

West, a 25-year-old graduate student in San Diego, used to clear checks in a credit union. He noticed that the check account number was printed twice-next to the bank routing number and in the upper-right corner. That's not unusual, but the numbers didn't match. The check was drawn on the fictional State Employers' Credit Union, not the legitimate State Employees' Credit Union. Most tellers might not have noticed and would have deposited the check. Within a week, the check-clearing department would have spotted the fake and yanked the funds back. If West had wired the money to New York-thinking the \$4,000 deposit would cover it-he would have been out \$3,000.

"It was done really well," says West. "A desperate person who wanted this to be true could be easily scammed,"

Fight Back: Never wire money to strangers. Whenever someone you don't know wants you to cash a check and send part of it elsewhere, it's a scam. If you've already wired the money, try to stop payment by calling the wire-transfer company. If no one has picked up the money yet, you'll get it back. Otherwise, it's too late.

>Home energy costs are still high, and some consumers will have trouble paying those bills.

Scam: A door-to-door salesman pretending to be from your energy company tricks you into switching to his.

The Details: A young man knocked on Jeremy Hooper's door in New York City, claiming he was from Con Edison and needed to check Hooper's gas-and-electric bill. The guy circled parts of the bill that he said indicated Hooper could get a 7 percent discount. Hooper just needed to sign some forms.

"It wasn't until he asked for a second signature that I got suspicious," says Hooper. "The second signature was on a form that he covered up completely except for the signature line." Unnerved, Hooper refused and shut the door. It's a good thing he did.

The young man actually worked for IDT Energy, a \$249 million company headquartered in Newark, New Jersey. The hidden form would have transferred Hooper's energy service from Con Ed to IDT. Hooper might have seen an initial discount, but within months, it's likely his bills would have started to fluctuate, depending on market prices, (Hooper did not file a complaint, and IDT says it doesn't condone such activity and has policies in place to discipline employees engaging in deceptive practices.)

Fight Backs Make any company rep on your doorstep show an ID. Better yet, don't open the door in the first place. If you get hoodwinked into switching companies, just ask your former provider to switch you back.

Strapped for cash, people are selling things online to pay their bills and get out of debt.

Scam: An online buyer uses a bogus "shipping agent" story to sucker you into advancing him money.

The Details: Janet Flair's employer, Jett Service, a commercial heating, air-conditioning, and ventilation service in Alexandria, Virginia, was selling a van on craigslist.org. After a buyer sent his check to Flair-for more than the price they had agreed on-he told her that his secretary had accidentally included in the check the amount that was supposed to go to his "shipping agent." The buyer asked Flair to deposit the check and wire the extra money to the "agent."

He even told her to take \$100 for her troubles, "Am sure I can count on you, that you can handle this with trust and have it sent to my shipper. Await your mail. Thanks, Eloquent Business Ahead," read the e-mail.

Had Flair fallen for this scam, she would have been out of any money she'd sent to the "shipping agent." "If this isn't a scam," Flair remembers thinking, "may lightning strike." While the rip-off was obvious to her, someone who has to choose between the lights going off and taking what looks like earnest money could be taken in.

Fight Back: Buyers asking you to pay their "shipping agent" are fraudsters. Find another buyer.

Increasingly, debtors are taking out payday loans to make ends meet.

Scam: Fake debt collectors call and threaten you with jail time for a payday debt you paid off years ago-or never owed in the first place.

The Details: Almost immediately after Laurie Lucas picked up the phone, a man who identified himself as Eric Matthews from Legal Affidavit Office began reading off a litany of charges: theft of property, fraud, money laundering. "Matthews" said that he "felt sorry for the tragedy that was getting ready to befall" Lucas because she'd failed to pay back a \$5,000 payday loan to U.S. National Bank. "They" would be coming to arrest her the next morning at 11 unless she wired the funds to the bank.

When Lucas said she had never taken out such a loan and had never heard of U.S. National Bank (no

doubt because it doesn't exist), "Matthews" said she should have kept better records. Growing suspicious, Lucas talked to "Matthews" while Googling the groups he said he worked for. She found a number of consumers telling similar stories. It was all a con.

Lucas told "Matthews" to send his request in writing and hung up. Anyone who regularly gets calls from creditors or who isn't as savvy might not have fared as well. "Some people may be so terrified that they'd send the money," says Lucas.

Fight Back: Whether it's a bona fide debt collector or a scam artist posing as one, tell him to put it in writing and hang up. If the crooks continue calling-as "Matthews" did for weeks - file a police report for harassment. Beware: These crooks use official - and ominous - sounding names, like Federal Investigations Bureau, Financial Crime Division, and United Legal Processing.

The foreclosure meltdown has many more people scouring online listings for bargain apartment rentals.

Scam: The property is real. The "landlord" just doesn't own it.

The Details: Beth Ann Bovino was shocked to find an apartment on Manhattan's Upper West Side for only \$1,500 a month. She was even more shocked to find the place was her own.

Someone had grabbed a photo she posted online and placed a dummy rental listing on craigslist.org with her name and address. Bovino e-mailed her doppelganger, posing as an interested renter. The flimflammer said he would send the keys if Bovino wired a month's rent in advance. When she asked to speak by phone, the impostor wrote back that he was a "deaf-mute." Bovino got Craigslist to take the listing down, but it popped up again.

Fight Back: For big-ticket items, try to do business in person. Scope out the other party's reputation-check references, the BBB, and the Chamber of Commerce-and see if the details add up. If a fraudster makes a fake listing for your property online, ask the hosting site to take it down. Unfortunately, once a scammer finds a good place to park his listing, he or his buddies will keep reusing it, and you could be in for a Whac-A-Mole endurance test.

It's Probably a Scam if ...

- ! You get a call or an e-mail out of the blue.
- ! The English is shaky, at best.
- ! There's a promise of lots of money for minimal effort.
- ! The e-mail is from someone in Eastern Europe, Asia, or Nigeria.
- ! It involves depositing a check, then sending money somewhere through a wire-transfer service.
- ! You must "act now."
- ! It sounds too good to be true.