

# **HANG UP ON CROSS-BORDER PHONE FRAUD**





**It's like clockwork.  
You sit down to  
dinner and the  
phone rings. You  
answer it. The  
caller is trying to  
sell you something  
or tell you that  
you've won a  
fabulous prize.**

**In fact, you may  
have been targeted  
by fraudulent  
telemarketers  
calling across the  
border from "boiler  
rooms" in the U.S.  
and Canada...**







Cross-border telemarketing fraud is a serious problem — and it appears to be growing. U.S. and Canadian consumers lose billions of dollars a year to telemarketers who pitch bogus products, services and investments. The most common cross-border telemarketing frauds involve:

- phony prize promotions
- foreign lottery schemes
- advance-fee loan rip-offs
- travel offer scams
- unnecessary credit card loss “protection”

It’s no wonder that con artists often target citizens of other countries. Some con artists believe they won’t get caught if they target citizens in another country. They assume that their own country’s law enforcement officials aren’t interested in building a case when the victims are in another country. They also believe that officials in the victims’ country won’t have the authority to investigate deceitful calls from outside their borders.

But now partnerships among law enforcement agencies in the U.S. and Canada are making it tougher for cross-border scam artists to ply their deceitful trade. The organizations cooperate across borders — sharing information, investigators and other resources. All the partners gather consumer complaint information and contribute to the

legwork involved in building a case, including surveillance and interviewing victims. As a result, more boiler rooms are being shut down, and faster.

### **Report Your Complaint**

#### **In the U.S.**

FTC online at  
[www.ftc.gov](http://www.ftc.gov) or  
toll-free phone  
1-877-FTC-HELP  
(1-877-382-4357)

**OR**

#### **In Canada**

PhoneBusters  
toll-free phone  
1-888-495-8501  
toll-free fax  
1-888-654-9426 or  
email  
[info@phonebusters.com](mailto:info@phonebusters.com)

Consumers who report their complaints about cross-border telemarketing fraud are providing information that is critical to shutting down the boiler rooms. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints

into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S., Canada and abroad. If you experience telemarketing fraud of any type, report it. If you are in the U.S., contact the FTC toll-free at 1-877-FTC-HELP (1-877-382-4357) or complain online at [www.ftc.gov](http://www.ftc.gov). Consumers in Canada are encouraged to contact PhoneBusters toll-free at 1-888-495-8501, or fax 1-888-654-9426 or email [info@phonebusters.com](mailto:info@phonebusters.com).

Sure, con artists are still swindling consumers with the tried and true pitches for bogus sweepstakes and phony charities. But telephone hucksters also are playing on consumers' financial vulnerabilities and economic uncertainty. Here are a few of the telemarketing pitches that just don't ring true.

## PHONY PRIZE PROMOTIONS AND SWEEPSTAKES SCHEMES

*“You're a WINNER!!!”*

Often telemarketers, including those operating across national borders, “guarantee” that you've won valuable prizes, such as vacations, automobiles or large sums of cash, but want you to pay “fees” for shipping, taxes, customs, or other non-existent expenses. Beware of anyone who asks you to pay to claim a “prize” or “free” gift. You may not receive anything at all, or you may get a cheap gift that is worth far less than the “fees” that you have paid.

Some sweepstakes scams draw you in by claiming that you're a winner. Then they tell you that your chance of getting better prizes will grow if you first pay “entitlement fees” to qualify for larger winnings. You may even receive a small item as an inducement to get you to send even more money.

Some rip-off artists target consumers who have previously lost money to illegal foreign sweepstakes schemes. They tell the victims that the government has won a

lawsuit against the company that originally scammed them. The victims are told that they need to first pay legal fees or taxes to the government in order to regain their money.

If you receive an unsolicited call telling you that “You’re a winner,” remember:

- Don’t pay for a “free” prize or gift. Free is free.
- Don’t share your credit card and bank account numbers. Scam artists often ask for them during an unsolicited sales pitch, and then use them to commit other frauds against you.
- If you are approached to pay money to recover funds that you are owed, independently contact the appropriate government agency to check out those claims.

## **INTERNATIONAL LOTTERY SCAMS**

*“Congratulations!  
You may receive a certified check  
for up to \$400,000 U.S. CASH!  
One Lump sum! Tax free!  
Your odds to WIN are 1-6.”*

Hang onto your wallet. It’s a fraud. Scam operators are using the telephone and direct mail to entice consumers to buy chances in high-stakes foreign lotteries from as far away as Australia and Europe.

Most promotions for foreign lotteries are likely to be phony. Many scam operators



don't even buy the promised lottery tickets. Others buy some tickets but keep the "winnings" for themselves. In addition,



lottery hustlers use victims' bank account numbers to make unauthorized withdrawals or their credit card numbers to run up additional charges.

U.S. federal law enforcement authorities are intercepting and destroying millions of foreign lottery offers before they reach consumers.

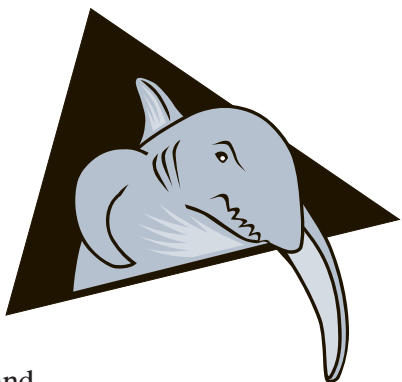
If you're thinking about responding to a foreign lottery, don't do it.

- Ignore all mail and phone solicitations for foreign lottery promotions. If you get what looks like lottery material from a foreign country, turn it over to your local postmaster in the U.S. or to the Competition Bureau in Canada.
- By responding to just one foreign lottery offer, you've opened the door to many more bogus offers for lottery or investment "opportunities." Your name will be added to "sucker lists" that fraudulent telemarketers buy and sell.
- In both the U.S. and Canada, it's illegal to play a foreign lottery — through the mail or on the telephone or Internet. Don't add insult to injury by inviting federal charges.

## ADVANCE-FEE LOAN “SHARKS”

*“The caller said he could get me a loan, no questions asked, so I could pay off some bills. I just needed to pay him \$250 up front and he’d do the rest. I gave him my credit card number, but that was the last I heard from him. Now I’m out the \$250 and I still owe my creditors.”*

A different breed of “loan shark” is preying on unwary consumers by taking their money for the promise of a loan, credit card or other extension of credit.



Advertisements and promotions for advance-fee loans suggest that there’s a high likelihood of success that the loan will be granted, regardless of your credit history. But to take advantage of the offer, you have to pay a fee first. And that’s the catch: You pay the fee, the scam artist takes off with your money and the loan never materializes.

Legitimate guaranteed offers of credit don’t require payments up front. Legitimate lenders may require that you pay application, appraisal or credit report fees, but these fees seldom are required before the

lender is identified and the application is completed. In addition, the fees generally are paid to the lender, not to the broker or person who arranged the “guaranteed” loan.

Legitimate lenders may guarantee firm offers of credit to creditworthy consumers, but they rarely do it before evaluating a consumer’s creditworthiness.

Advertisements for advance-fee loans generally appear in the classified section of daily and weekly newspapers and magazines. Often, the ads feature “900” numbers, which result in charges on your phone bill. Advance-fee loans also are promoted through direct mail and radio and cable TV spots. Remember that just because an ad appears in a media outlet that you recognize — like your local newspaper or radio station — it’s no guarantee that the company behind the ad is legit.

What to do when you see an ad guaranteeing a loan for an advance fee:

- Don’t pay for a promise. In most jurisdictions, it’s illegal for companies doing business by phone to promise you a loan and ask you to pay for it before they deliver.
- Ignore any ad — or hang up on any caller — that guarantees a loan in exchange for an advance fee. Legitimate lenders never “guarantee” or say that you will receive a loan before you apply, especially if you have bad credit or no credit record.

- Never give your credit card or bank account numbers, Social Security number, Social Insurance Number, or other identifying number on the telephone unless you are familiar with the company and know why the information is necessary.

## CREDIT CARD LOSS PROTECTION OFFERS

*“I got a call from a woman who said I need credit card loss protection insurance. I thought there was a law that limited my liability to \$50 for unauthorized charges. She said the law had changed and that now, people are liable for all unauthorized charges on their account. Is that true?”*

No. Don't buy the pitch — and don't buy “loss protection” insurance.

Telephone scam artists are lying to get people to buy worthless credit card loss protection and insurance programs.

If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized. In the United States, your liability for unauthorized charges remains at \$50. In some provinces of Canada, you may have no liability at all.



Worthless credit card loss protection is a popular offering for promoters trying to exploit consumer uncertainty. Avoid doing business with callers who claim that:

- 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.

## **IDENTITY THEFT**

Don't give out personal information — including your credit card or bank account numbers — over the phone or online unless you're familiar with the business that's asking. Scam artists can use your personal information to commit fraud, such as identity theft — one of the fastest-growing white-collar crimes in North America.

That's where someone uses your personal information, such as your credit card account number, Social Security number, or other identifying number, mother's maiden name, or birth date, without your knowledge or permission to commit fraud or theft.

## TRIP TRAPS

*“Hello...you have been specially selected to receive our SPECTACULAR LUXURY DREAM VACATION offer!”*

Don't get that passport photo just yet. While some travel opportunities sold over the phone are legitimate, many are scams that target consumers in another country. The word “offer” can be a clue to hidden charges.



The salesperson may ask for your credit card number to bill your account for the travel package. Once you pay, you get the details of the

“package,” which usually include instructions for making trip reservation requests. Your request often must be accompanied by yet another fee. In addition, many offers require you to pay upgrade costs to get the actual destinations, accommodations, cruises, or dates you were promised. Some offers may require you to pay more for port charges, hotel taxes or service fees.

See a pattern developing? New charges are being added every step of the way. You may never get your “bargain” trip because your reservations may not be confirmed or because you must comply with hard-to-meet hidden or expensive “conditions.”

Unpleasant surprises can ruin a vacation, especially when they cost money. That's why it pays to investigate a travel package before you buy. Consider these travelers' advisories:

- Be wary of “great deals” and low-priced offers. Few legitimate businesses can afford to give away products and services of real value or substantially undercut other companies' prices.
- Don't be pressured into buying. Legitimate businesses don't expect you to make snap decisions.
- Ask detailed questions. Find out exactly what the price covers and what it doesn't. Ask about additional charges. Get the names of the hotel, airports, airlines, and restaurants included in your package. Consider contacting these businesses directly to verify arrangements. Ask about cancellation policies and refunds. If the salesperson can't give you detailed answers, hang up.

## **PUTTING COLD CALLS ON ICE**

What are some examples of deceptive telemarketing?

- Charging you for a non-existent or misrepresented product, service or charitable gift.
- Getting your private banking information or credit card number in order to steal.
- Offering you a “prize” for which you must pay money.

- Taking your money fraudulently in any way.

So just how did they get your number? Fraudulent telemarketers may get your phone number from a telephone directory, mailing list or “sucker” list. Sucker lists include names, addresses, phone numbers — even how much money you may have spent on telemarketing scams in the past. Unscrupulous promoters buy and sell sucker lists on the theory that consumers who have been deceived once are easy prey for additional scams.

You may not be able to put a freeze on cold calls, but you can learn how to spot those that spell f-r-a-u-d. Here’s how: **Be cautious.**

- **Say no to high-pressure sales tactics.** If you are pressured into making a decision immediately, it’s probably not a legitimate deal. Legitimate businesses respect the fact that you’re not interested.
- **Take your time when you’re presented with a sales “opportunity.”** Ask for written information about the product, service, investment opportunity, or charity that’s being pitched. Don’t talk with a salesperson if it’s not convenient for you. A reputable salesperson should be willing to call you back at a time you choose.
- **Talk to a friend, relative or financial advisor before you respond to a cold call.** Any investment you make may



have serious financial consequences for you — and the people you care about.

- **Hang up if you're asked to pay for a prize.** Free is free.
- **Don't send money** — cash, check or money order — by courier, overnight delivery or wire to anyone who insists on immediate payment.
- **Keep information about your bank accounts and credit cards to yourself** — unless you know who you're dealing with.
- **Check out the company** with your state, provincial and local consumer protection office before you buy any product or service, or donate money.
- **Hang up if a telemarketer calls before 8 a.m. or after 9 p.m.** That's a tip-off to a rip-off.
- **Tell callers to take your name off their contact lists** if you don't want to hear from them again. If they call back you can feel comfortable hanging up. It's not rude — it's smart.



## **FILE A COMPLAINT**

### **IN THE U.S.**

#### **FEDERAL TRADE COMMISSION**

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit [www.ftc.gov](http://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357). The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad. Check out the FTC website for more information about your rights under the FTC's Telemarketing Sales Rule and ways to protect yourself from abusive and deceptive telephone sales practices.

#### **U.S. POSTAL INSPECTION SERVICE**

The U.S. Postal Inspection Service is one of the U.S.'s oldest federal law enforcement agencies. As the law enforcement arm of the United States Postal Service, the U.S. Postal Inspection Service enforces more than 200 federal laws covering investigations of crimes that adversely affect or fraudulently use the U.S. mail and postal system.

## **IN CANADA**

### **COMPETITION BUREAU**

The Competition Bureau targets telemarketing and mail scams aimed at Canadian and foreign consumers. To file a complaint, call the Competition Bureau at 1-800-348-5358 (available only to callers in Canada) or PhoneBusters at 1-888-495-8501. Register complaints online about deceptive business practices at [www.competition.ic.gc.ca](http://www.competition.ic.gc.ca).

### **ONTARIO MINISTRY OF CONSUMER AND BUSINESS SERVICES**

The Ontario Ministry of Consumer and Business Services, located in Toronto, works with other law enforcement agencies to combat deceptive telemarketing and cross-border fraud. It is illegal under Ontario law for a loan broker to accept a fee for any reason before providing a loan. If you are a victim of a loan scam operating from Ontario, please contact PhoneBusters.

### **PHONEBUSTERS**

PhoneBusters is Canada's central agency that collects information on telemarketing complaints received from throughout Canada and the U.S. against Canadian deceptive telemarketers and disseminates this information to the appropriate enforcement agency. The data collected is a valuable tool in evaluating the effects of this

fraud on the public and preventing future crimes. PhoneBusters is coordinated by the Ontario Provincial Police Anti-Rackets in partnership with the Royal Canadian Mounted Police/G.R.C. If you want to report a fraud, or if you need more information, contact PhoneBusters at 1-888-495-8501, fax 1-888-654-9426 or email [info@phonebusters.com](mailto:info@phonebusters.com). The toll-free numbers are good throughout Canada and the continental U.S.





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**U.S. POSTAL INSPECTION SERVICE**

**CANADA'S COMPETITION BUREAU**

**ONTARIO MINISTRY OF CONSUMER  
AND BUSINESS SERVICES**

**ONTARIO PROVINCIAL POLICE  
ANTI-RACKETS**

**TORONTO POLICE SERVICE**