

FTC FACTS for Consumers

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The Internet has spawned a whole new lexicon and brought the world to your living room, 24/7/365. And while the opportunities online for consumers are almost endless, there are some challenges, too. As in dot con.

Dot con? Dot con.

Con artists have gone high-tech, using the Internet to defraud consumers in a variety of clever ways. Whether they're using the excitement of an Internet auction to entice consumers into parting with their money, applying new technology to peddle traditional business opportunity scams, using email to reach vast numbers of people with false promises about earnings through day trading, or hijacking consumers' modems and cramming hefty long-distance charges onto their phone bills, scam artists are just a click away.

Fortunately, law enforcement is on the cyber-case. Using complaints to Consumer Sentinel, a consumer fraud database, as their guide, law enforcement officials have identified the top 10 dot cons facing consumers who surf the Internet, as well as many of the fraudsters behind them. In addition to putting many online con artists out of business, the Federal Trade Commission, the nation's chief consumer protection agency, wants consumers to know how not to get caught in their web.

Facts for Consumers

According to the FTC, here's what online consumers are complaining about most:

con Internet Auctions

The Bait: Shop in a "virtual marketplace" that offers a huge selection of products at great deals.

The Catch: After sending their money, consumers say they've received an item that is less valuable than promised, or, worse yet, nothing at all.

The Safety Net: When bidding through an Internet auction, particularly for a valuable item, check out the seller and insist on paying with a credit card or using an escrow service.

con Internet Access Services

The Bait: Free money, simply for cashing a check.

The Catch: Consumers say they've been "trapped" into long-term contracts for Internet access or another web service, with big penalties for cancellation or early termination.

The Safety Net: If a check arrives at your home or business, read both sides carefully and look inside the envelope to find the conditions you're agreeing to if you cash the check. Read your phone bill carefully for unexpected or unauthorized charges.

con Credit Card Fraud

The Bait: Surf the Internet and view adult images online for free, just for sharing your credit card number to prove you're over 18.

The Catch: Consumers say that fraudulent promoters have used their credit card numbers to run up charges on their cards.

The Safety Net: Share credit card information only when buying from a company you trust. Dispute unauthorized charges on

your credit card bill by complaining to the bank that issued the card. Federal law limits your liability to \$50 in charges if your card is misused.

con International Modem Dialing

The Bait: Get free access to adult material and pornography by downloading a "viewer" or "dialer" computer program.

The Catch: Consumers complained about exorbitant long-distance charges on their phone bill. Through the program, their modem is disconnected, then reconnected to the Internet through an international long-distance number.

The Safety Net: Don't download any program to access a so-called "free" service without reading all the disclosures carefully for cost information. Just as important, read your phone bill carefully and challenge any charges you didn't authorize or don't understand.

con Web Cramming

The Bait: Get a free custom-designed website for a 30-day trial period, with no obligation to continue.

The Catch: Consumers say they've been charged on their telephone bills or received a separate invoice, even if they never accepted the offer or agreed to continue the service after the trial period.

The Safety Net: Review your telephone bills and challenge any charges you don't recognize.

con Multilevel Marketing Plans/ Pyramids

The Bait: Make money through the products and services you sell as well as those sold by the people you recruit into the program.

The Catch: Consumers say that they've bought into plans and programs, but their customers are other distributors, not the general public. Some multi-level marketing programs are actually illegal pyramid schemes. When products or services are sold only to distributors like yourself, there's no way to make money.

The Safety Net: Avoid plans that require you to recruit distributors, buy expensive inventory or commit to a minimum sales volume.

con Travel and Vacation

The Bait: Get a luxurious trip with lots of "extras" at a bargain-basement price.

The Catch: Consumers say some companies deliver lower-quality accommodations and services than they've advertised or no trip at all. Others have been hit with hidden charges or additional requirements after they've paid.

The Safety Net: Get references on any travel company you're planning to do business with. Then, get details of the trip in writing, including the cancellation policy, before signing on.

con Business Opportunities

The Bait: Be your own boss and earn big bucks.

The Catch: Taken in by promises about potential earnings, many consumers have invested in a "biz op" that turned out to be a "biz flop." There was no evidence to back up the earnings claims.

The Safety Net: Talk to other people who started businesses through the same company, get all the promises in writing, and study the proposed contract carefully before signing. Get an attorney or an accountant to take a look at it, too.

con Investments

The Bait: Make an initial investment in a day trading system or service and you'll quickly realize huge returns.

The Catch: Big profits always mean big risk. Consumers have lost money to programs that claim to be able to predict the market with 100 percent accuracy.

The Safety Net: Check out the promoter with state and federal securities and commodities regulators, and talk to other people who invested through the program to find out what level of risk you're assuming.

con Health Care Products/Services

The Bait: Items not sold through traditional suppliers are "proven" to cure serious and even fatal health problems.

The Catch: Claims for "miracle" products and treatments convince consumers that their health problems can be cured. But people with serious illnesses who put their hopes in these offers might delay getting the health care they need.

The Safety Net: Consult a health care professional before buying any "cure-all" that claims to treat a wide range of ailments or offers quick cures and easy solutions to serious illnesses.

Can you avoid getting caught by a scam artist working the web? Not always. But prudence pays. The FTC offers these tips to help you avoid getting caught by an offer that just may not click:

- Be wary of extravagant claims about performance or earnings potential. Get all promises in writing and review them carefully before making a payment or signing a contract.
- Read the fine print and all relevant links. Fraudulent promoters sometimes bury the disclosures they're not anxious to share by putting them in teeny-tiny type or in a place where you're unlikely see them.

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- Look for a privacy policy. If you don't see one — or if you can't understand it — consider taking your business elsewhere.
- Be skeptical of any company that doesn't clearly state its name, street address and telephone number. Check it out with the local Better Business Bureau, consumer protection office or state Attorney General.

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, call toll-free, 1-877-FTC-HELP, or use the complaint form at www.ftc.gov. 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.



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

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