

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

Money Transfers Can Be Risky Business

You've won a prize!

I'm in a foreign country, and I need cash.

We're temporarily unable to accept credit cards.

Your dream apartment is available immediately at an incredible price!

Scam artists use a number of elaborate schemes to get your money, and many involve money transfers through companies like Western Union and MoneyGram. According to the Federal Trade Commission (FTC), the nation's consumer protection agency, money transfers may be useful when you want to send funds to someone you know and trust — but they're completely inappropriate when you're dealing with a stranger.

Why do scammers pressure people to use money transfers? So they can get their hands on the money before their victims realize they've been cheated. Typically, there is no way you can reverse the transaction or trace the money. Another reason: When you wire money to another country, the recipient can pick it up at multiple locations, making it nearly impossible to identify them or track them down. In some cases, the receiving agents of the money transfer company might be complicit in the fraud. Money transfers are virtually the same as sending cash — there are no protections for the sender.

Many money transfer scams involve dramatic or convincing stories that play on your optimistic nature, your altruism or your thriftiness. But no matter how you parse it, they always cost you money. Here are some scams involving money transfers that you may recognize:

Counterfeit Check Scams

Someone sends you a check with instructions to deposit it and wire some or all the money back. By law, banks must make the funds from deposited checks available within days, but uncovering a fake check can take weeks. You are responsible for the checks you deposit, so if a check turns out to be fraudulent, you will owe the bank any money you withdrew.

Counterfeit check scams have many variations:

Lotteries and Sweepstakes: You just won a foreign lottery! The letter says so, and a cashier's check is included. All you have to do is deposit the check and wire money to pay for taxes and fees. Oops: The check is no good. Although it looks like a legitimate cashier's check, the bank eventually

will determine that it is a fake. The lottery angle is a trick to get you to wire money to someone you don't know. If you deposit the check and wire the money, the check will bounce — and you'll be responsible for the money you sent.

Overpayment Scams: Someone responds to your posting or ad, and offers to use a cashier's check, personal check or corporate check to pay for the item you're selling. At the last minute, the so-called buyer (or the buyer's "agent") comes up with a reason to write the check for more than the purchase price, and asks you to wire back the difference. The checks are counterfeit, but very often, good enough to fool bank tellers. Acting in good faith, you deposit the check and wire the funds back to the "buyers." Oops: the check bounces. You are liable for the amount you wired.

Mystery Shopper Scams: You are hired to be a mystery shopper and asked to evaluate the customer service of a money transfer company. You're given a check to deposit in your personal bank account. Then, you're told to withdraw the amount in cash and wire the money using a certain money transfer service. Often, the instructions say to send the transfer to a person in Canada or another foreign country. You're then asked to evaluate your experience — but no one collects the evaluation. Oops: the check you deposited bounces. You are responsible for the money you withdrew.

Don't wire money to:

- a stranger — in this country or anywhere else
- someone claiming to be a relative in a crisis — and who wants to keep their request for money a secret
- someone who says a money transfer is the *only* form of payment that's acceptable
- someone who asks you to deposit a check and send some of the money back

Other Money Transfer Scams

Online Purchase Scams: If you are buying something online and the seller insists on a money transfer as the only form of payment, consider it a red flag: ask to use a credit card, an escrow service or another way to pay. No matter what story the seller tells you, insisting on a money transfer is a signal that you won't get the item — or your money back. Find another seller.

Advance Fee Loans: Ads and websites that guarantee loans or credit cards regardless of your credit history may be tempting. The oops moment is when you apply for the loan or credit card and find out you have to pay a fee in advance. If you have to wire money for the promise of a loan or credit card, it's likely you're dealing with a scam artist.

Family Emergency Scams: You get a call out of the blue from someone who claims to be a member of your family and needs cash to get out of a jam — to fix a car, get out of jail or leave a foreign country. He begs you to wire money right away and to keep the request confidential. Check it out with your family. It's likely they know nothing about it. If you absolutely, positively

cannot ignore the request, try to verify the caller's identity by asking very personal questions a stranger couldn't possibly answer. And keep trying to reach the family to check out the story.

Apartment Rental Scams: Some scammers hijack bona fide rental or real estate listings by changing the email address or other contact information, and placing the altered ads on other sites. Other rip-off artists make up listings for places that aren't for rent or don't exist, and try to pique your interest with the promise of below-market rent. But once they have your attention, a skilled scammer asks you to wire an application fee, a security deposit or the first month's rent. It's never a good idea to send money to someone you've never met for an apartment you haven't seen. If you can't meet in person, see the apartment or sign a lease before you pay, keep looking.

If you've wired money to a scam artist, call the money transfer company immediately to report the fraud and file a complaint. You can reach the complaint department of MoneyGram at **1-800-MONEYGRAM (1-800-666-3947)** or Western Union at **1-800-448-1492**. Ask for the money transfer to be reversed. It's unlikely to happen, but it's important to ask. Then, file a complaint with the FTC. Visit **ftc.gov** or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.

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. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER