

# Telemarketing Fraud

It is estimated there are more than 10,000 fraudulent telemarketing operations calling hundreds of thousands of American consumers every day. The U.S. Department of Justice estimates that one out of every six consumers are the victims of telemarketing criminals annually. In a large percentage of those cases, senior citizens are the targets of the fraud.

Telemarketing crime costs American consumers more than \$40 billion annually.

## Common Telephone Scams

- **Prize offers:** The person who receives the call has to do something to get a “free” prize – attend a sales presentation, buy something, or give out a credit card number. The prizes generally are worthless or overpriced.



- **Travel packages:** “Free” or “low-cost” vacations end up costing a great deal in hidden costs. Or, they may never happen. The victim may pay a high price for some part of the package – like hotel or airfare. The total cost may run two to three times more than what the victim was led to believe.
- **Vitamins and other health products:** The sales pitch may also include a prize offer. This is to entice the victim to pay hundreds of dollars for products that are worth very little.
- **Investments:** People lose millions of dollars to “get rich quick” schemes that promise high returns for little or no risk. These can include gemstones, rare coins, oil and gas leases, precious metals, art and other “investment opportunities.” As a rule, these are worthless.
- **Charities:** Con artists often label phony charities with names that sound like better-known reputable organizations.

## Tip-Offs to Phone Fraud

Telephone con artists perfect their lines to persuade victims to buy. The victim may hear the following:

- You must act “now” – or the offer will expire.

- You have won a “free” gift, vacation or prize – but you must pay for “postage and handling: or other charges.
- You must send money, give a credit card or bank account number, or have a check picked up by courier – before you’ve had a chance to consider the offer carefully.
- You can’t afford to miss this “high-profit,” “no-risk” offer.

### **Tips to Avoid Telemarketing Fraud**

- Don’t be pressured to make an immediate decision.
- Don’t give your credit card, checking account or Social Security number to unknown callers.
- Don’t pay for anything merely because you will get a “free” gift.
- Check out a charity before you give. Ask how much of your donation actually goes to the charity. Ask that written information be sent to you so you can make an informed giving decision.
- Don’t invest your money with an unknown caller who insists you make up your mind immediately.
- Don’t send cash by messenger or overnight mail.
- Make sure you know the per minute charge for any 900 number call you make.
- Be cautious of statements that you’ve won a prize – particularly if the caller says you must send money to claim it.
- Don’t agree to any offer where you have to pay a registration or shipping fee to receive a “prize.”
- Check out unsolicited offers from the Better Business Bureau, local consumer protection agency or state Attorney General’s office *before* you agree to send money.
- Do ask about the company’s refund policies.
- If in doubt, talk to family and friends, your attorney, accountant or banker and obtain their advice before you make any large purchase or investment.
- If you do not wish to be called by telemarketers, ask that your telephone number be removed from their phone lists. The Federal Trade Commission’s (FTC) Telemarketing Sales Rule gives you the power to stop unwanted telemarketing calls.

- Tell children and elderly friends and family never to give financial information to callers.

**Under Federal Law, Citizens Have the Right to:**

- Request written information, by mail, about the product, service, investment or charity and about the organization that's offering it.
- Obtain guarantees or refund provisions in writing before making a financial commitment.
- Refuse to give their credit card number and/or checking account number for "identification purposes."
- Know the cost of "900" number calls, the name of the company, how to hang up without charge and procedures for resolving billing disputes.
- Ask for the name, address and phone number of a magazine seller; know the yearly total costs of each magazine and the whole package of magazines they purchase.

Know if the caller for a charity is a volunteer or a professional telemarketer/fund-raiser and how much of their donation will go to the charity, as opposed to administrative and fund-raising costs.