

Don't be Afraid to Hang up the Phone

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Telemarketing Fraud

"If it sounds too good to be true, then it probably is!"

Use of the telephone for the sale of a wide range of services or products can be an effective, legitimate marketing tool for any number of Canadian businesses. However, the legitimacy of well-known companies has provided an excellent opportunity for criminals.

Criminals use the same techniques as legitimate companies, but hide behind the anonymity of the telephone and attempt to defraud thousands and thousands of Canadians each year.

TIPS

Telefraud is an international problem that does not respect borders. The combined efforts of the OPP and the RCMP is a win-win situation for everyone. Canadians can call the PhoneBusters National Call Centre toll free number >1-888-495-8501 from anywhere in the country if they - or someone they know - believe they have been a victim of a fraudulent telemarketing scheme.

The RCMP is involved in a National Task Force known as Project Phonebusters that was established to combat telemarketing fraud. A few basic suggestions from Project Phonebusters should help ensure that you do not fall victim to the tactics of fraudulent telemarketers:

DO NOT believe that everyone calling with an exciting promotion or investment opportunity is trustworthy, especially if you do not know the caller or their company.

DO NOT invest or purchase a product or service without carefully checking out the investment, product, service, and the company.

DO NOT be afraid to request further documentation from the caller so you can verify the validity of the company.

DO NOT be fooled by the promise of a valuable prize in return for a low cost purchase.

DO NOT be pressured to send money to take advantage of a "special offer or deal."

DO NOT be hurried into sending money to claim a prize that is available for only a "few hours"

DO NOT disclose information about your finances, bank accounts or credit cards (not even the credit card expiry date).

DO NOT be afraid to hang-up the phone.

DO contact Project Phonebusters (<http://www.phonebusters.com>, through RCMP) if you are contacted by someone who promises you great prizes, but you are required to send money in advance for shipping, handling, taxes, etc.

DO contact Project Phonebusters (<http://www.phonebusters.com>, through RCMP) if you are contacted by someone who says that you have won a prize, but you have to purchase a product to qualify.

Telemarketing Scams

Seniors Beware!

International telemarketing scams aimed at seniors

Project Colt, an international task force on telemarketing fraud, has identified the most frequent telemarketing scams aimed at seniors. Based in Montreal, the Project Colt task force was started in 1998 to reduce and prevent telemarketing fraud coming out of Canada. It includes members of the RCMP, U.S. Customs, the FBI, the U.S. Postal Inspection Service, the Montreal police and the Quebec Provincial Police.

The task force says that many of the fraudulent telemarketing schemes it has encountered are aimed at North American seniors and estimates that the scams generate about \$70 million a year. Project Colt claims to have been responsible for seizing and returning more than \$12 million to victims.

Here are the most frequent scams:

- lottery and sweepstakes scams - victims are told they have won a large prize. To collect it they must pay a fee, or taxes or customs duties.
- recovery operations - target victims of earlier telemarketing scams. The con artist claims to be a legal or government official responsible for dispersing a court settlement. To receive the settlement, the victim must pay a fee, or taxes or customs duties.
- advanced loan fees - fraudulent loan offers for a fee.
- counterfeit cheques - once a victim pays the fee to claim a lottery or sweepstakes, the con artists issue counterfeit cheques.
- fraudulent charitable donations - crooked telemarketers often use variations on the name of a real charitable organization or claim to be from a police or firefighter group.
- fraudulent magazine subscriptions - often asking victims to renew subscriptions.
- "reloading" - returning to previous victims to increase the fraud. Targets seniors who have already lost money and are willing to pay in the hope of having some of it restored.
- precious metals and gems - cheap gems are sold for much more than they are worth. Calls

¹http://www.rcmp-grc.gc.ca/scams/tfraud_e.htm#Project

1.3 Telephone

Telephone

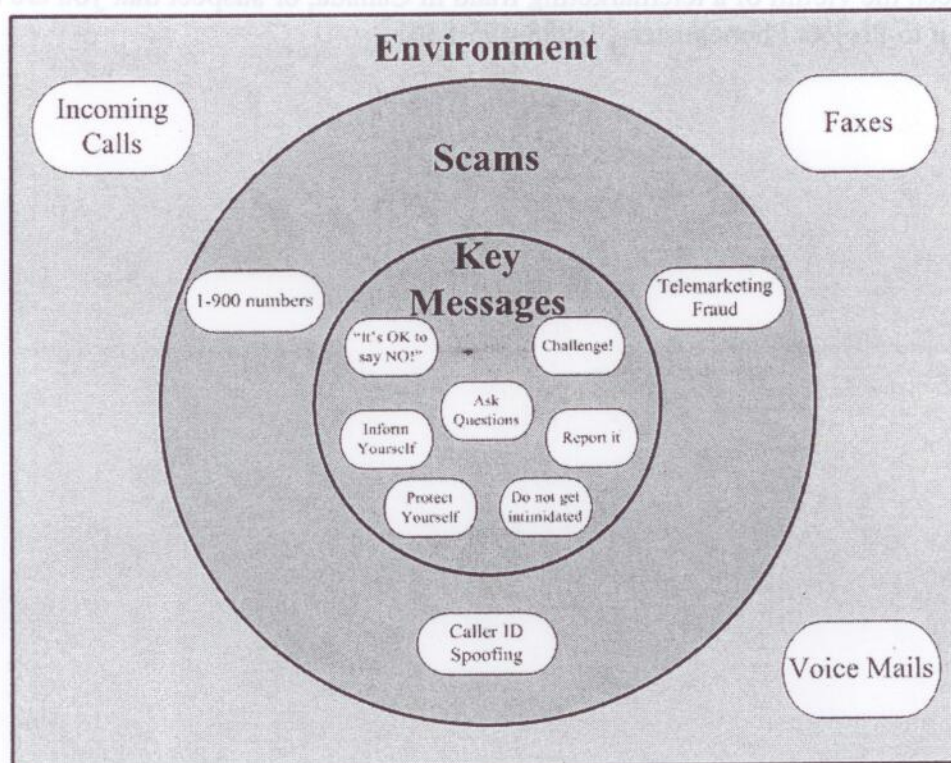


Figure 4: Key Messages to Help Avoid Telephone Scams Found in Different Environments

The most common telephone threats come by fax, voice mail and incoming calls. Caller ID or call display is a service used to identify the number and the name of the person or organization calling. Do not be fooled by always trusting this service. There are other services that allow a caller to spoof the caller ID display of the person they are calling. This is done by falsifying the number and the name that appear on the display. Scammers may use this technology to mislead you into giving your personal and financial information. You should never give out information over the telephone.

1.3.1 Telemarketing Fraud

Telemarketing is used by legitimate businesses to advertise and sell their products and services over the telephone. Unfortunately, criminals also use the same telemarketing techniques to defraud people. You should therefore be cautious when receiving a telephone call stating that there is an amazing promotion or prize to be won. Also be cautious of organizations that you do not know and do not be fooled by their extravagant promises. Remember do not disclose any personal or financial information over the telephone. Do not be afraid to say no and hang up. A mistake made by many consumers is to associate 1-800 numbers with legitimate telemarketing companies. This is not always the case. Therefore, do not use this as an indicator to differentiate between legitimate and fraudulent telemarketing companies. If you would like to report any suspicious phone calls, contact PhoneBusters at 1-888-495-8501 or www.phonebusters.com.

Table 5: Comparison Between Legitimate and Fraudulent Mass Marketing

Indicators	Legitimate	Fraud
Enthusiasm	May be very enthusiastic	The caller is more excited than you are
Friendliness	May act overly friendly	Want to create a personal connection to possibly be leveraged later
Pressure	May be a legitimate technique to close the deal, will not normally get verbally abusive	Want to force you into providing what they want, could get verbally abusive
Urgency	You may have time to think about the offer	Will pressure you into making a decision if you don't act now, may demand an immediate answer
Willingness to provide full references	Normally not a problem, complete contact information will be provided	May be more reluctant or willing to provide only limited information like a telephone number
Mode of payment	Normally, many options are available	Usually limited to courier or wire services
Price	Market value	Unreasonably low price with unrealistic explanation
Benefits	Value of benefits or incentives is realistic in order to turn a profit	Unreasonably high incentives or benefits with unrealistic explanations, too good to be true
Credit offers	Normally based on your credit rating	May make offers regardless of your credit rating
Surveys	Your information will be used for the intended purpose	Your information may be used for criminal purpose
Explanations	When challenged, will normally provide clear explanations that make sense	Explanations are complicated, unclear and confusing
Social Engineering	Could be used as a sales tool	May be used to gain psychological advantage over the victim and to trick them into providing their personal information

1.3.2 900 Scams

The 900 scams are similar to the prize pitch scams. In a 900 scam, consumers receive an offer in the mail enticing them to call a 1-900 number to learn about the type or value of prize they have won. The problem is that the call will usually last several minutes before the caller finds out that the value of the prize is very small. Some 1-900 numbers will advertise a free gift if you call, but you end up paying for the gift by making the 1-900 number call. Remember, 1-900 numbers have a per-minute rate. If you are concerned about a 1-900 number, immediately contact PhoneBusters at 1(888) 495-8501 or www.phonebusters.com.

1.3.3 Caller ID Spoofing

Caller ID is a useful function. However, the information displayed can be altered by criminals. Never use only the displayed information to confirm the identity of the caller whether it be an individual, company or an organization.

For More Information

Telemarketing Fraud In Canada:

www.rcmp-grc.ca/scams/tifraud_e.htm

Reporting Economic Crime Online:

www.recol.ca

PhoneBusters:

1-888-495-8501

www.phonebusters.com

Equifax Canada:

1-800-465-7166

www.equifax.ca

TransUnion Canada:

1-800-663-9980

www.transunion.ca

Federal Privacy Commissioner:

1-800-282-1376

www.privcom.gc.ca

Information and Privacy Commissioner of Ontario :

1-800-387-0073

www.ipc.on.ca

Need Help?

Ontario consumers with questions, complaints or comments regarding telemarketing fraud can call the Ministry of Government and Consumer Services, Consumer Protection Branch at **1-800-889-9768** or **416-326-8800**.

The Consumer Protection Branch website at www.ontario.ca/consumerprotection has more information and valuable advice for Ontario consumers on a number of topics:

- Merchandise Purchases
- Home Renovations
- Memberships and Services
- Motor Vehicles
- Personal Finances
- Travel
- Scams and Frauds
- Identity Theft
- Collection Agencies

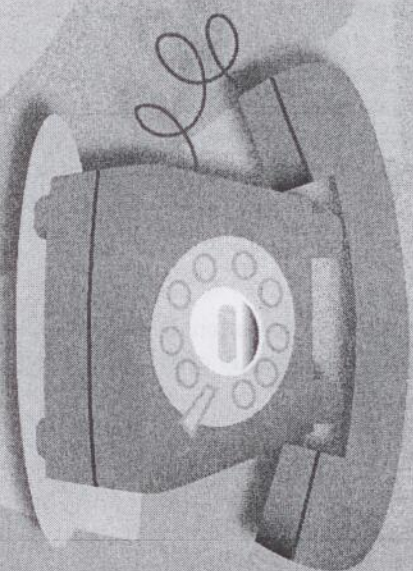
For tips on protecting yourself in the marketplace, information on consumer rights and how to make a complaint against a business, visit the new and improved consumer protection website at

www.ontario.ca/consumerprotection or call toll-free the Ministry of Government and Consumer Services, Consumer Protection Branch at **1-800-889-9768** or, in the Toronto area, **416-326-8800**.

Order a free copy of the annual Smart Consumer Calendar at www.serviceontario.ca/publications or by calling toll-free at **1-800-668-9938** or, in the Toronto area, at **416-326-5300**.

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WHAT YOU NEED TO KNOW ABOUT TELEMARKETING FRAUD



Smart consumers are
good for business


Ontario

Ontario is a leader in consumer protection and has set out clear rules for consumers and businesses.

Know your rights – shop smart and protect yourself in the marketplace.

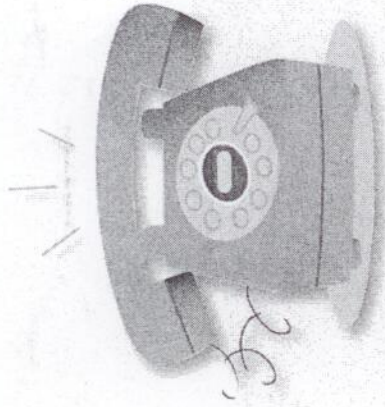
Hang up on telemarketing fraud

It happens all the time. During dinner with your family, the telephone rings. You answer it to find that the caller is trying to sell you something or telling you that you have won a prize.

Don't be tempted by a deal that sounds too good to be true. It may be a fraud.

Telemarketing fraud swindles Ontario consumers out of millions of dollars each year. Anyone answering a telephone is a potential target.

While you may not be able to avoid all unsolicited calls, you can learn how to spot the ones that may be fraudulent.



Quick Tips

- Never send money to someone who insists on immediate payment.
- Hang up if you are asked to pay any kind of a fee for a prize or to claim lottery winnings.
- Never share personal information about your bank accounts and credit cards unless you know the person or company with whom you are dealing.
- Beware of high-pressure sale tactics. Reputable companies always respect your choices.
- Be cautious when presented with a business or investment "opportunity" from an unknown source. Not everyone calling with an exciting opportunity is trustworthy.
- Research a company before buying products and services or donating money. There is nothing wrong with requesting additional information from the caller.
- Avoid harassment by telling callers if you do not want to hear from them again.
- Always speak with a financial advisor or someone you trust in financial matters before responding to a telemarketing call about investment opportunities or financial services such as insurance.

Common Scams

Two common scams run by fraudulent telemarketers include offers for credit card loss protection and advance-fee loans.

Credit card loss protection

Be cautious if you are considering purchasing credit card loss protection insurance.

Telephone scam artists often attempt to sway unsuspecting consumers into purchasing worthless loss protection and insurance programs. Beware of anyone claiming:

- To be "security department officials" who want to activate the protection feature on your credit card.
- That you can be held personally liable for unauthorized charges on your credit card after reporting it lost or stolen to the issuer – it's not true!
- That your personal credit card numbers are easily accessible to computer hackers.

Advance-fee loan offers

Beware of telemarketers guaranteeing loans regardless of credit history. These loans usually require a fee to be paid in advance of the extension of the loan. To receive this "guaranteed" loan, the consumer willingly pays the fee, but does not get the loan.

Consumers are protected by law from advance-fee loan offers. It is illegal for loan brokers to charge a fee before the consumer actually receives the loan. The law also requires loan brokers who take an advance fee to give a full refund within 15 days of a consumer's demand for reimbursement.



Fraud... can you

RECOGNIZE IT? REPORT IT? STOP IT?

Mark the following statements True, False or Don't Know

Are you a Target?

Question 1 : Fraud is the number one crime against seniors.

TRUE FALSE DON'T KNOW

Question 2 : Con artists target people with lots of money to lose.

TRUE FALSE DON'T KNOW

Question 3 : Con Artists give the impression that they are friendly, helpful and trustworthy and won't usually use physical violence.

TRUE FALSE DON'T KNOW

Question 4 : When a company gives information in writing you can be sure no fraud will occur.

TRUE FALSE DON'T KNOW

Question 5 : If I only lose a small amount of money, then I am not a victim. I just made a mistake and should learn a lesson.

TRUE FALSE DON'T KNOW

Answers to Quiz

1. True Some Canadian seniors are lonely, vulnerable, home during the day and trusting. Plus they are perceived to have money. This makes them very good targets for frauds and scams. However, fraud no longer discriminates based on age. Anyone is a target and could become a victim.
2. False Con artists don't care how much money you have. They just want all of it. If they can get \$100 from 100 people that is \$10,000. Not bad for a day or two of work. Billions of dollars are lost every year to frauds and scams.
3. True The old saying, "You catch more flies with honey than with vinegar" certainly applies. While a con artist may pester someone to buy something or convince them to invest hard earned savings, he or she does not want to be noticed by police. Physical violence will usually bring the police. The con artist knows an easier target is always around the corner.
4. False Anyone with a computer can create official looking documents designed to convince people a company is legitimate. Ask to see a business license and references and then CHECK IT OUT. Call information. Check the yellow pages. Visit the offices of the company if you can. Make sure you know who you are doing business with.
5. False All frauds should be reported, even if you are embarrassed or feel the amount of money is too small to worry about. You may not get your money back but the more information the fraud investigators have the easier it is to start tracking people down and put a case together. Report frauds to your local police, RCMP or PHONEBUSTERS, 1-888-495-8501. If you have a concern about a business transaction, contact your local provincial consumer ministry.