

How to Protect Yourself Against Telemarketing Fraud



By CDR Sharon K. Kleinschmidt, USNR (Ret)
National VP for Retired Personnel

“Congratulations! You’ve been selected to receive five magazines, free of charge, for five years. All we ask is that you send us a small fee for shipping and handling.”

“Pack your bags! You’ve won a free round-trip airline ticket to Hawaii! Just make your hotel reservations through our travel agency, and you’ll be on your way.”

Do these offers sound familiar? Sound too good to be true! In the case of the magazines, the shipping and handling fee probably exceeds the regular cost of the subscriptions; and you’re locked into a five-year contract with magazines you might not even want. For the “free” plane ticket, the lodging costs are likely inflated to cover the ticket.

The common thread in these scams is the telephone. Telemarketing fraud results in an estimated loss of \$40 billion each year, according to Congress. AARP reports that over half of the people targeted by telemarketers are 50 or older.

How common is fraudulent telemarketing? The FBI estimates there are at least 14,000 illegal sales operations robbing U.S. consumers every day. The Federal Trade Commission (FTC) says con artists often follow the headlines and, then, tailor their offers to prey on the fears and vulnerabilities of consumers (for instance, selling phony antibiotics after the anthrax scare, or

pitching unneeded credit card loss protection during an economic slump).

Why are people over 50 prime targets? According to the National Consumers League, seniors tend to trust strangers more readily than younger adults; and they're also more likely to cave in to the high-pressure pitches. Some older people are lonely and appreciate friendly phone calls. In addition, retired people have often built substantial savings from decades of work to serve as their "nest egg." How to Protect Yourself Against Telemarketing Fraud Criminals are drawn to those retirement savings like bees to honey.

What should you do? Be prepared for criminal calls. These smooth-talking thieves want to keep you on the phone. The longer you stay on the line, the greater your chances of being scammed. Plan ahead to say quickly, "No thanks" or "not interested." Don't worry about appearing to be rude. Ask telemarketers for their company's name, address, and phone number, and a clear explanation of the offer they are making. Ask about the company's refund policies. Even if the policy sounds good, the company may close down and leave town before you have a chance to get a refund, or maybe even before your merchandise ever arrives. Call your state's attorney general's office or the consumer protection agency in your area and in the area where the business is located. Ask the caller to send you written information to read before you agree to a purchase. Talk to family members, friends, and your attorney, accountant, or banker to ask their advice before making any large investments or purchases. Be wary of making even small purchases from telemarketers. You could land on a so-called "mooch list" (a list of most likely victims) used by fraudsters. Be skeptical of too-good-to-be-true sales pitches. If you're told you're a "guaranteed" winner or there's "no risk involved," move on. Tell the callers to remove your name from their lists if you don't want to be called again. By law, they're required to obey your request. If they call again, report this illegal activity to the police.

What should you not do? Don't ever pay for a prize or send any money to improve your chances of winning a contest. It's illegal to make you pay to enter a sweepstakes or claim a prize. Don't allow telemarketers to intimidate or bull you into a purchase. If the caller says you need to act "right now" or "we must have your money today," it's probably a scam. Don't give any caller your bank account number or personal identification number. Some con artists get bank account information from their victims for "verification" and withdraw money without permission. Unless you made the call, don't give out your credit card numbers. Never write money or send money to overnight delivery as a result of a phone sales pitch. Never give out personal information about yourself or your family over the phone or computer. This includes your driver's license number, your social security number, your telephone calling card number, insurance information, or any other personal information.

What if you're a victim? Being conned can be so embarrassing for the victim that such crimes are often never reported to the authorities. It's humiliating to admit you've been "had." You may say to yourself, "I don't want anyone to know I could be so naive to fall for a trick like this." But we all are at risk unless fraudsters are reported and stopped. In addition to calling your local police, report fraudulent or suspicious calls to your state attorney general, who is listed in your local telephone book and on the National Association of Attorneys General Web site <www.naag.org>. You may also contact the FTC for a complaint form <www.ftc.gov> and click on the box marked, "file a complaint online," or call 1-877-FTC-HELP (1-877-382-4357).

Keeping calls away. The FTC recently created a national "do not call" registry. You can request (via the phone or Internet) to be placed on a "do not call" list. Telemarketers are required to search the registry and honor the wishes of consumers who don't want to be called. Violators face stiff penalties. For more information, visit the Web site <www.donotcall.gov> or call 1-888-382-1222.

CORRECTION TO LAST MONTH'S LISTING OF

State that Exempt All Military Retired Pay from Tax

ADD: Alaska, New Jersey, and Tennessee, and

the states that do not have an income tax: Florida,

Nevada, New Jersey, New Hampshire, South Dakota,

Texas, Washington, and Wyoming.