



Wiring Money and Prepaid Cards

Money transfer services, such as Western Union or MoneyGram, can be useful when sending funds to someone you know and trust – but wiring money can be incredibly risky when dealing with a stranger.

Be very cautious when asked to wire money.

Scammers come up with all kinds of convincing stories to steal your money, but the scam only works if you wire them money.

Scammers insist on the use of money transfers because it is like sending cash. They get the money quickly, and you cannot get it back.

Typically, there is no way you can reverse a transfer or trace the money. In many cases, the money ends up in a foreign country that will not prosecute such behavior.

In some instances, agents of the money transfer company have been in on the fraud.

Prepaid money cards such as Green Dot are also used by scammers in much the same way as wiring money. Prepaid money cards act like debit cards. Just like a debit card, if someone has the card information they can withdraw the money. Once the money has been taken, it is usually gone and there is no way to trace it.

What you need to know

Be extremely cautious when wiring money to a stranger or someone you have not met. That includes:

- Sellers who insist on wire transfers for payment.
- Buyers who send an overpayment and ask you to wire the difference back.
- An online love interest who asks for money.
- Someone advertising vacation rentals or apartments online.
- A new employer who says wiring is part of your job.



- Someone in dire straits who claims to be a relative, friend, or calling for them, and wants you to keep it a secret from the family.

Never agree to deposit a check from someone you do not know and then wire money back.

Banks make the funds from deposited checks available within a day or two, but it can take weeks or months before the fake check bounces.

You are responsible for checks deposited or cashed. If a check bounces, you will owe the bank for any money withdrawn and bounced check fees.

Protect your prepaid money card.

Some protections to make sure scammers do not get your money card funds:

- Treat your money card number no differently than you would treat your cash or your wallet.
- Never provide your money card number to someone you do not know personally.
- Never provide receipt information about your money card purchases to another party.
- Refuse any offer that asks you to buy a money card and share the number or receipt information by email or phone.

- Do not use prepaid money card to pay taxes or fees to claim “winnings” on a lottery or prize promotion.
- Do not use your money card for any offer that requires you to pay before you get the item.

Money wiring scams

Money wiring scams can involve dramatic or convincing stories such as the following:

Grandparent scams

Scammers call or email posing as a family member or friend, needing money wired to them. The fake friend or family member will claim that they need it to get out of jail, to pay a hospital or to leave a foreign country as fast as possible. They will insist that you not tell anyone about the embarrassing need or to have them worry for no good reason.

In some cases the scammer will make the story seem real by posing as an attorney, police officer, or someone of official status calling on the family member’s or friend’s behalf.

Scammers are very good at getting information off of the internet, Facebook pages, and other social media sites to learn about and target someone.

They are slick at saying just enough to get you to unknowingly fill in the rest of the story for them – making it seem as though the scammer is telling the truth.

Ask questions about the family or friend that a stranger could not answer. Always check with others who can verify the story about a relative or friend.

Lotteries & sweepstakes

The letter says you just won, but you need to deposit the enclosed check and wire back a portion of it for “taxes” or “fees.”

Regardless of how real the check looks, it is no good. When it bounces, you will be responsible for paying back the bank.

Even if the check were good (which it is not), participating in overseas lotteries through the mail is a criminal offense.

Overpayment scams

Someone answers your ad to sell an item and offers to use a cashier’s check, personal check or corporate check to pay for it.

The buyer (or a related third party) then comes up with a reason to write the check for more than the purchase price and asks you to wire back the difference.

The fake check will eventually bounce and you will be responsible for covering the funds plus bank overdraft fees.

Grants

An unsolicited letter, email or call says you are eligible for free government grant money for home improvements, small business development, or just to pay bills.

The scammer will insist that you need to wire them money to process the funds.

It is a scam, there is no grant money, and whatever money you wire will never be returned.

Relationship scams

You meet someone and begin a long distance relationship. It may have started on a dating site. Messages are exchanged. Pictures could be traded and it may even develop in to a serious relationship.

The ploy is to gain your trust from the start. Once the scammer is confident of having your trust, they will start asking for money.

The fake friend will tell you that they need it to help get money the government owes them, cover the costs of a sudden illness, surgery, robbery, accident, job loss. It may be for them, a son or daughter.

They may tell you it is to pay for travel so you may finally meet face-to-face. You might get documents or calls from lawyers as “proof,” always with a promise to pay you back.

As real as the relationship seems, it is a scam. You will lose all the money wired, and the person you thought you knew so well will be gone.

Mystery shopper scams

As a mystery shopper, your task is to evaluate a wire transfer service for customer satisfaction.

You get a check to deposit in your bank account with instructions to withdraw an amount in cash to be wired by using the service.

When the counterfeit check is uncovered, you will be the one on the hook for the money.

Online purchase scams

Be wary when buying online if the seller insists on a wire transfer.

Insisting on a money transfer is a signal that you will not get the item – or your money back.

Ask to use a credit card, an escrow service or another way to pay. This helps to protect your transaction by the Fair Credit Billing Act.

Apartment rental scams

In your search for an apartment or vacation rental, you find a great prospect at a great price. It can be yours if you wire money – for an application fee, security deposit or the first month's rent.

Once wired the money is gone, and you learn there is no rental. Scammers are hijacking real rental listings by changing the contact information and placing the altered ad on other sites.

Others create listings using below market rent to lure you in on a place that is not for rent, does not exist, or was taken from a property for sale listing.

If you are the one with the house for rent, watch out for the reverse in which a potential renter may want to cancel and ask that you wire back the money already sent.

Others may pay ahead or in full and then request a wiring back of an overpayment made. It is only later that you realize their original check was a fake.

Advance fee loans

You see an ad, website, or get a call that guarantees a loan or a credit card regardless of your credit history.

When applying, you find out you have to pay a fee in advance. If you have to pay money for the promise of a loan or credit card, you are dealing with a scam artist; there is no loan or credit card.

Remember, be very cautious when asked to wire money. If you have wired money to a scam artist, call the transfer company immediately to report the fraud

and ask for the transfer to be reversed. While it is unlikely it can be reversed, it is important to ask. You can reach MoneyGram at 800-666-3947 or Western Union at 800-448-1492.

For more information or to file a complaint, visit our website or contact:

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