



Money Scams

What you need to know

Wiring money is like sending cash; once it is sent, you cannot get it back. The same is true for pre-paid money cards, such as a loadable debit card or credit card, or a popular gift card. Con artists often demand that people wire money or use some kind of pre-paid money cards, because it is nearly impossible to reverse or track the money.

Never wire money or provide information from a pre-paid money card to strangers or someone you have not met in person. That includes:

- Sellers who insist on wire transfers or pre-paid money cards for payment.
- An online love interest who asks for money as a favor.
- Someone advertising an apartment or vacation home.
- Someone who claims to be a relative or friend in crisis, often in a foreign jail or hospital, and wants 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. The check will bounce, and you will owe your bank the amount you withdrew. By law, banks must make the funds from deposited checks available within a day or two, but it can take weeks to uncover a fake check. It may seem that the check has cleared, but you will owe the bank the money from the check when it turns out to be fake.

Lottery and sweepstakes scams

The letter says you just won a lottery. All you have to do is deposit the enclosed cashier's check and wire money for "taxes" and/or "fees." Regardless of how legitimate or convincing the check looks, it is no good. When it bounces, you will be responsible for the money you sent.

Overpayment of fake check scams

Someone answers the ad you placed to sell something and offers to use a cashier's check or corporate check to



pay for it. But at the last minute, the buyer (or a related third party) comes up with a reason to write the check for more than the purchase price, asking you to wire back the difference. The fake check might fool bank tellers at first, but it will eventually bounce, and you will have to cover it.

Relationship scams

You meet someone on a dating site and things get serious. You send messages, talk on the phone, trade pictures, and may even make marriage plans. Soon you find out that your new companion is going to Nigeria or some other country for work. Once there, they need your help: can you wire money to tide them over temporarily? The first transfer is usually small, followed by additional requests for more and more money. Relationship scammers use other reasons for needing your money: to help get money the government owes them, to cover costs for a sudden illness or surgery for a son or daughter, to pay for a plane ticket back to the U.S. – they always promise to pay you back.

You might get documents or calls from lawyers as "proof." But as real as the relationship seems, it is a scam. You will have lost any money you wired, and the person you thought you knew so well will be gone with it.

Mystery shopper scams

You are hired to be a mystery shopper and asked to evaluate the customer service of a money transfer company. You get a check to deposit in your bank

account and instruction to withdraw the amount in cash and wire it, often to Canada or another country, using the service. When the counterfeit check is uncovered, you are on the hook for the money.

Online purchase scams

You are buying something online and the seller insists on a money transfer as the only form of payment they'll accept. Ask to use a credit card, an escrow service or another way to pay. If you pay by credit card online, your transaction will be protected by the Fair Credit in Billing Act. Insisting on a money transfer is a signal that you will not get the item or your money back.

Online auctions are a popular resource for shoppers and sellers, but you need to pay attention to the auction site's rules and policies, methods of payment, and how they handle privacy, security, and disputes. Avoid scammers by not clicking on links in emails that take you to external, possibly spoofed sites. Report any fraud to the website and avoid sellers that try to exchange payment privately, outside the auction site. You may lose both the money and the auctioned item.

Family emergency or friend-in-need scams

You get a call or email out of the blue from someone claiming to be a family member or friend. They need you to wire cash to help them out of a jam – to fix a car, get out of jail or hospital, or to leave a foreign country. But they do not want you to tell anyone in the family.

Unfortunately, it is likely a scammer using a relative's name. Check the story out with the people in your family. You also can ask the caller some questions about the family that a stranger could not possibly answer.

Apartment and vacation rental scams

While searching for an apartment, you find a great deal that simply requires you to wire money as a security deposit/earnest money. Once you have wired the money, it is gone, and you learn there is no rental. Scammers have hijacked real rental listings, changed the contact information, and placed the altered ad on other sites. Or, they make up a listing for a place that is not for rent, or does not exist, and use below market pricing to lure you in.

If you are the one doing the renting, watch out for the reverse: a potential renter sends you money to secure

the apartment and then wants to cancel. The phony applicant's goal is to get you to wire the money back before you realize the check they sent you was a fake.

Advance fee loan scams

You see an ad or website, or get a call from a telemarketer, that guarantees you a loan or a credit card regardless of your credit history. When you apply, you 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, you are dealing with a scam artist: there is no loan or credit card and you will never get your money back.

Signs to watch for: Fees that aren't clearly disclosed; a loan offered over the phone; a lender using a copycat name, who is not registered in your state, is not interested in your credit history, or who asks you to pay an individual instead of the business.

Remittance scams

Someone contacts or approaches you and says they represent a company that can help you send money to a loved one in Mexico. After giving them your money you find out the company does not exist and cannot be located anymore.

Wiring money is like sending cash; once it is sent, you cannot get it back.

Do not trust strangers who tell you they can help you send money. And never send cash by mail. There are many options for sending money to other countries, such as money transfer companies, banks and credit unions and post offices.

(Source: "How to Send Money Home" - Consumer Action - 2013)

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