

# SWINDLERS ARE CALLING 8 THINGS YOU SHOULD KNOW ABOUT TELEMARKETING FRAUD

1 Most telephone sales calls are made by legitimate businesses offering legitimate products or services.

But wherever honest firms search for new customers, so do swindlers. Phone fraud is a multi-billion dollar business that involves selling everything from bad or non-existent investments to the peddling of misrepresented products and services. Everyone who has a phone is a prospect; whether you become a victim is largely up to you.

2 There is no way to positively determine whether a sales call is on the up and up simply by talking with someone on the phone.

No matter what questions you ask or how many you ask, skilled swindlers have ready answers. That's why sales calls from persons or organizations that are unknown to you should always be checked out before you actually buy or invest. Legitimate callers have nothing to hide.

3 Phone swindlers are likely to know more about you than you know about them.

Depending on where they got your name in the first place, they may know your age and income, health and hobbies, occupation and marital status, education, the home you live in, what magazines you read, and whether you've bought by phone in the past.

Even if your name came from the phone book, telephone con men (and women) assume that, like most people, you would be interested in having more income, that you're receptive to a bargain, that you are basically sympathetic to people in need, and that you are reluctant to be discourteous to someone on the phone. As admirable as such characteristics may be, they help make the swindler's job easier. Swindlers also exploit less admirable characteristics, such as greed.

4 Fraudulent sales callers have one thing in common: They are skilled liars and experts at verbal camouflage.

Their success depends on it. Many are coached to "say whatever it takes" by operators of the "boilerrooms" where they work at rows of phone desks making hundreds of repetitious calls, hour after hour. The first words uttered by most victims of phone fraud are, "the caller sounded so believable..."

5 Perpetrators of phone fraud are extremely good at sounding as though they represent legitimate businesses.

They offer investments, sell subscriptions, provide products for homes and offices, promote travel and vacation plans, describe employment opportunities, solicit donations, and the list goes on. Never assume you'll "know a phone scare when you hear one." Even if you've read lists of the kinds of schemes most commonly practiced, innovative swindlers constantly devise new ones.

6 The motto of phone swindlers is, "just give us a few good 'mooches,'" one of the terms they use to describe their victims.

Notwithstanding that most victims are otherwise intelligent and prudent people, even boilerroom operators express astonishment at how many people "seem to keep their checkbooks by the telephone!" Sadly, some families part with savings they worked years to accumulate on the basis of little more than a 15-minute phone conversation -- less time than they'd spend considering the purchase of a household appliance.

7 The person who "initiates" the phone call may be you.

It's not uncommon for phone crooks to use direct mailings and advertise in reputable publications to encourage prospects to make the initial contact. It's another way swindlers imitate the perfectly acceptable marketing practices of legitimate businesses. Thus, just because you may have written or phoned for "additional information" about an investment, product, or service doesn't mean you should be any less cautious about buying by phone from someone you don't know.

8 Victims of phone fraud seldom get their money back -- or, at best, no more than a few cents on the dollar.

Despite efforts of law enforcement and regulatory agencies to provide what help they can to victims, swindlers generally do the same thing other people do when they get money: they spend it!

## 9 TIP-OFFS

That a Caller Could be a Crook

1 High-pressure sales tactics.

The call may not begin that way, but if the swindler senses you're not going to be an easy sale, he or she may shift to a hard sell. This is in contrast to legitimate businesses, most of which respect an individual's right to be "not interested."

High-pressure sales tactics take a variety of forms but the common denominator is usually a stubborn reluctance to accept "no" as an answer. Some callers may resort to insult and argument, questioning the prospect's intelligence or ability to make a decision, often ending with a warning that "you're going to be very sorry if you don't do such and such." Or, "you'll never get rich if you don't take a chance."

2 Insistence on an immediate decision.

If it's an investment, the caller may say something like, "the market is starting to move even as we talk." For a product or service, the urgency pitch may be that "there are only a few left" or "the offer is about to expire." The bottom line is that swindlers often insist that you should (or must) make your decision right now. And they always give a reason.

3 The offer sounds too good to be true.

The oldest advice around is still the best: "An offer that sounds too good to be true probably is." Having said this, however, you should be aware that some phone swindlers are becoming more sophisticated. They may make statements that sound just reasonable enough (if only barely) to keep you from hanging up. Or they may make three or four statements you know to be true so that when they spring the big lie for what they're selling, you'll be more likely to believe that, too. That's where the verbal camouflage comes in.

4 A request for your credit card number for any purpose other than to make a purchase.

A swindler may ask you for your credit card number -- or, in the most brash cases, several credit card numbers -- for "identification," or "verification" that you have won something, or merely as an "expression of good faith" on your part. Whatever the ploy, once a swindler has your card number it is likely that unauthorized charges will appear on your account.

5 An offer to send someone to your home or office to pick up the money, or some other method such as overnight mail to get your funds more quickly.

This is likely to be part of their "urgency" pitch. It could be an effort to avoid mail fraud charges by bypassing postal authorities or simply a way of getting your money before you change your mind.

6 A statement that something is "free," followed by a requirement that you pay for something.

While honest firms may promote free phone offers to attract customers, the difference with swindlers is that you generally have to pay in some way to get whatever it is that's "free." The cost may be labeled as a handling or shipping charge, or as payment for an item in addition to the "prize." Whatever you receive "free" -- if anything -- most likely will be worth much less than what you've paid.

7 An investment that's "without risk."

Except for obligations of the U.S. Government, all investments have some degree of risk. And if there were any such thing as a risk-free investment with big profits assured, the caller certainly wouldn't have to dial through the phone book to find investors!

8 Unwillingness to provide written information or references (such as a bank or names of satisfied customers in your area) that you can contact.

Swindlers generally have a long list of reasons: "There isn't time for that," or "it's a brand new offer and printed material isn't available yet," or "customer references would violate someone's privacy." Even with references, be cautious, some swindlers pay off a few customers to serve as references.

The caller may also be reluctant to answer questions by phone -- such as inquiries about the firm or even how and where you can contact the firm. The swindler may insist on contacting you "for your convenience."

9 A suggestion that you should make a purchase or investment on the basis of "trust."

Trust is a laudable trait, but it shouldn't be dispensed indiscriminately -- certainly not to unknown persons calling on the phone and asking that you send them money. Even so, "trust me" is a pitch that swindlers sometimes employ when all else fails.

## 10 WAYS

### To Avoid Becoming a Victim

1 Don't allow yourself to be pushed into a hurried decision.

No matter what you're told to the contrary, the reality is that at least 99 percent of everything that's a

good deal today will still be a good deal a week from now! And the other one percent isn't generally worth the risk you'd be taking to find out.

There may be times when you'll want to make a prompt decision, but those occasions shouldn't involve an irrevocable financial commitment to purchase a product or make an investment that you're not familiar with from a caller that you don't know. And purchase decisions should never be made under pressure.

2 Always request written information, by mail, about the product, service, investment or charity and about the organization that's offering it.

For legitimate firms, this shouldn't be a problem. Swindlers, however, may not want to give you time for adequate consideration, may not have written material available, or may not want to risk a run-in with legal or regulatory authorities by putting fraudulent statements in writing.

Also insist on having enough time to study any information provided before being contacted again or agreeing to meet with anyone in person. Some high-pressure telephone sales calls are solely for the purpose of persuading you to meet with an even higher-pressure sales person in your home!

3 Don't make any investment or purchase you don't fully understand.

A beauty of the American economy is the diversity of investment vehicles and other products available. But it's a diversity that includes the bad as well as the good. Unless you fully understand what you'd be buying or investing, you can be badly burned. Swindlers intentionally seek out individuals who don't know what they are doing! They often attempt to flatter prospects into thinking they are making an informed decision.

4 Ask what state or federal agencies the firm is regulated by and/or is required to be registered with.

And if you get an answer, ask for a phone number or address that you can use to contact the agency and verify the answer yourself. If the firm says it's not subject to any regulation, you may want to increase your level of caution accordingly.

5 Check out the company or organization.

If you assume a firm wouldn't provide you with information, references, or regulatory contacts unless the information was accurate and reliable, that's precisely what swindlers want you to assume. They know that most people never bother to follow through. Look at it this way: Most victims of fraud contact a regulatory agency after they've lost their money; it's far better to make the contact and obtain whatever information is available while you still have your money.

6 If an investment or major purchase is involved, request that information also be sent to your accountant, financial advisor, banker, or attorney for evaluation and an opinion.

Swindlers don't want you to seek a second opinion. Their reluctance or evasiveness could be your tip-off.

7 Ask what recourse you would have if you make a purchase and aren't satisfied.

If there's a guarantee or refund provision, it's best to have it in writing and be satisfied that the business will stand behind its guarantee before you make a final financial commitment.

8 Beware of testimonials that you may have no way of checking out.

They may involve nothing more than someone being paid a fee to speak well of a product or service.

9 Don't provide personal financial information over the phone unless you are absolutely certain the caller has a bona fide need to know.

That goes especially for your credit card numbers and bank account information. The only time you should give anyone your credit card number is if you've decided to make a purchase and want to charge it. If someone says they'll send a bill later but they need your credit card number in the meantime, be cautious and be certain you're dealing with a reputable company.

10 If necessary, hang up.

If you're simply not interested, if you become subject to high-pressure sales tactics, if you can't obtain the information you want or get evasive answers, or if you hear your own better judgment whispering that you may be making a serious mistake, just say good-bye.

#### SWINDLERS ARE CALLING

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