

TOP TEN SCAMS - AVOID BEING VICTIMIZED

=====

VANCOUVER: This year, think about how you can be a smarter consumer. While schemes and scams take on various forms, they all share common traits. Knowing the danger signs and how to defend yourself can save you time and money. Protect yourself by being on the alert for red flags. Every year the Better Business Bureau compiles a list of scams based on general growth patterns, inquiries and complaints from the public, and statistics from enforcement agencies such as the Competition Bureau, and Business Practices and Consumer Protection Authority. Here are the trendiest, and most sinister scams:

1. INTERNET FRAUD

The Internet continues to be the hottest medium for almost every scam. It provides opportunities for legitimate businesses and consumers, but it also hosts fraud artists running investment scams, fake business opportunities and fraudulent auctions, among others. The Internet has spawned online scams and jargon to describe them as well: "phishing" and "spoofing" for example.

"Phishing" is a term coined by computer hackers, who use email to fish the Internet hoping to hook you into giving them your logins, passwords and/or credit card information. The phisher sends an email impersonating a legitimate company (called "spoofing") such as your own Internet service provider or financial institution. The email then directs you to a bogus site to update your account information. Spyware is another Internet threat: software that covertly gathers user information, such as passwords and credit card numbers, through the user's Internet connection without his or her knowledge. Check out w

eb businesses just as carefully as you would any other business. Always check out the security and privacy policies of websites and above all, treat all unsolicited email as bogus and delete it. Increasingly, companies are using third party security "seals" such as the BBB OnLine Reliability Seal to reassure consumers of their online security. Be sure to click on the seal to confirm that it is valid and that the company is officially subscribed rather than having just cut and pasted an unauthorized logo onto their website. The Business Practices and Consumer Protection Authority administers consumer protection legislation that protects consumers making online purchases and sets parameters for distance sales contracts. Contact the BPCPA at www.bpcpa.ca or toll-free 1-888-564-9963.

2. IDENTITY THEFT

Identity theft is the fastest growing type of fraud in North America; consumers and businesses lose billions annually. In fact, according to Project Phonebusters, between January 1 and November 30, 2004, Canada had a total of 9,985 reported victims of identity theft. ID thieves can, and do, use all sorts of tactics to take your personal information: looking through your garbage or recycling box, pretending you need to provide such information in order to claim a prize or lottery winning, stealing your mail, placing bogus newspaper ads for jobs locally and internationally, sending unsolicited emails posing as your financial institution, etc. At least annually, order a copy of your credit history from both credit bureaus: Equifax (www.equifax.ca or toll-free 1-800-465-7166) and TransUnion Canada (www.tuc.ca or toll-free 1-866-525-0262) and check your credit reports for accuracy. If a fraudster has applied for credit in your name, the report will likely reflect this. For more

information, go to Buyer's Tips on "Identity Theft" at <http://www.bbbvan.org/>.

3. BOGUS BUSINESS AND FRANCHISE OPPORTUNITIES

These fake business opportunities offer a pre-packaged business like selling anti-aging devices or pre-fabricated homes. Victims buy into the opportunity, but the promised product never shows up, or if it does, it doesn't work. The locations are either non-existent or not exclusive, and if there is income, it is nowhere near what was promised. If you are considering purchasing a franchise, ask to see a Uniform Franchise Offering Circular (UFOC) and review it carefully. This prospectus-like document lists current franchisees, those who have left or quit and gives financial statements of the business. Although providing a UFOC is not legally required in BC, if the franchisor refuses to provide one, don't buy.

4. NIGERIAN FRAUDS/OVERPAYMENT SCAM

A classic "get rich quick" ploy, this scheme has been perpetrated worldwide and frequently targets small businesses, churches, and other non-profit organizations. It starts with a letter, fax or email from Nigeria marked "urgent" or "confidential." The sender claims to be an official of a company or government ministry who is trying to transfer millions of dollars out of the country. The letter writer proposes depositing the money in a trustworthy bank account - yours - in exchange for 30 per cent or more of the transferred funds. To get in on the action, the business, consumer, or organization must provide its bank account number and other company information. When that information is provided, the business or individual is then pressured to start sending large sums of money to cover the transfer of funds, the payment of taxes or the bribing of Nigerian officials. Of course, the millions of dollars claimed to be in Nigeria do not exist, and victims eventually end up with not

hing but loss. In a new twist, called the Overpayment Scam, the consumer who is selling goods online is cheated. This occurs when the consumer (the seller) receives a counterfeit cashier's cheque from the supposed purchaser. The amount of the cheque is in excess of what is owed: the seller is then asked to deposit the cheque and wire the balance of excess funds immediately back to the sender/purchaser. The deposited cashier's cheque is subsequently returned as counterfeit and charged back to the seller's account.

5. BOGUS HEALTH AND WELLNESS PRODUCTS

Snake oil, cure-alls and similar fraudulent health treatments are thriving in the marketplace. Beware of advertisements that feature exotic potions and pills, special curative diets, or "newly discovered" treatments, like a home test kit for AIDS. Genuine medical products from reputable suppliers don't refer to "miracle" treatments. These scams not only steal your money, but also can damage your health or delay proper medical treatment. Always consult your doctor, pharmacist, or other healthcare professional about any treatment or medication. Any product that has weight-loss properties must have a Drug Identification Number. You can confirm its authenticity by contacting the Federal Government's Health Protection Branch at 604-666-3350.

6. FOREIGN LOTTERIES

In this scam, victims are told they have won a foreign lottery, such as the Australian 645 or the Spanish El Gordo, but must send money to cover "taxes" or other "fees" before they get their winnings. Victims will also be asked for bank account or credit card numbers. But instead of depositing money, the scam artists will make withdrawals or run up charges on credit cards. Alternatively, consumers learn that they have "won" the opportunity to purchase foreign lottery tickets. This usually involves paying a fee and then more fees in order to remain eligible

for promised winnings or victims will be asked for personal information and a signature for "verification purposes". In fact, there is no lottery and there are no winnings. The perpetrators of this scam want your money and your identity.

7. INTERNET WORK-AT-HOME SCAMS/BOGUS EMPLOYMENT SERVICES

Job seekers and other Canadians looking for extra income are vulnerable to scams promoting work-at-home schemes, envelope stuffing and be-your-own-boss offers. Other schemes guarantee access to the "unadvertised job market" in Canada, or abroad, for a fee. Some may even be illegal pyramid selling schemes designed to enrich only the plan's originators. Watch for unreasonable claims of weekly earnings, non-disclosure of the earnings of typical participants, hefty upfront fees or large inventory purchase requirements with vague return policies. Seminars, classified ads and email are important ways that the under-employed are fraudulently enticed to fulfill their dreams of financial independence.

8. BOGUS CHARITIES

Watch out for bogus charities using names that sound like legitimate ones. Ask all fund-raisers for identification and inquire how much of your donation actually goes to the charity. You can check whether a charity is registered by contacting the Canada Revenue Agency toll-free at 1-800-267-2384 or check out their website at www.cra-arc.gc.ca. Don't make donations over the phone or at your door; ask the organization to mail its information package to you. Legitimate charities don't use high-pressure tactics to collect donations and will be happy to comply. Be particularly careful after disasters, as there will be a variety of relief efforts responding to the diverse needs of disaster victims. Be wary of appeals that are long on emotion but short on what the charity will do to address the specific disaster.

9. UNSOLICITED EMAIL AND MAIL

Consumers have complained about the rivers of unsolicited mail and faxes that flow to their doors and fax machines. Thanks to the electronic age, they are receiving junk emails (spam) as well. To avoid spam, make sure that you read a website's privacy notice before giving out your email address. Exercise any blocking tools that might be offered by your Internet Service Provider (ISP) and email service. Consider setting up two email accounts (for public and private use respectively). Use discretion when making public posts on the Internet that divulge your email address. To help eliminate spam, register your email address on the Direct Marketing Association's website: www.e-mps.org.

To stop receiving un-addressed ad mail, notify Canada Post by placing a written notice where you receive mail requesting that no further junk mail be delivered to your address. To stop receiving addressed ad mail, contact the Canadian Marketing Association at 1-800-267-8805 or www.the-cma.org and request that your name be removed from the telephone calling and mailing lists of member companies.

If you are receiving unsolicited faxes, look for the sender's return address. The Canadian Radio-Television and Telecommunications Commission regulations require it to be included so that the recipient can ask not to be contacted again. Such a request must be honoured within seven days and should remain active for three years. If you are getting anonymous calls or faxes, contact Telus customer service at 604-310-2255. Business customers may call 604-310-3100.

10. OFFICE SUPPLY SCAMS/UNSOLICITED INVOICES

There are companies that will occasionally contact businesses, representing themselves as the regular or new supplier. They will contact a receptionist, a temporary or new employee and, after getting a name, may send you merchandise and/or an invoice for placement of an order. Instruct your employees not to give out product names or model numbers of your office machines over the phone. These calls should be referred to your authorized purchasing agent. You should appoint and familiarize one person to purchase supplies and use purchase orders. Your purchasing agent should become familiar with your suppliers and the companies with which you have service contracts.

Every year, B.C. businesses receive "invoices" for goods or services that they have not ordered. What they receive resembles an invoice. It is, in fact, a solicitation for advertising. Be sure to educate your staff to recognize bogus or look-alike invoices. In many cases unwary accounts payable personnel pay them. You are not required to pay anything unless you wish to participate in the offer. Ensure your payables system has at least two people to authorize any payments so that they can check each other.

For more information, please contact:

Sheila Charneski, President
Better Business Bureau of Mainland B.C.
Tel: 604-688-8731
Email: president@bbbvan.org

Don Mercer, Assistant Deputy Commissioner
Pacific Region, Competition Bureau of Canada
Tel: 604-666-5400
Email: mercerv.don@cb-bc.gc.ca

Mayo McDonough, Executive Director
Better Business Bureau of Vancouver Island
Tel: 250-386-1416
Email: mayo@bbbvanisland.org

Manjit Bains, Vice President
Business Practices & Consumer Protection Authority
Tel: 604-296-2852
Email: manjit.bains@bpcpa.ca

If you have comments or suggestions about this service, please feel free to contact us at (604) 681-0312 or e-mail at bbbmail@bbbvan.org.

Thank You.

--
Better Business Bureau of Mainland B.C.
Suite 404, 788 Beatty Street
Vancouver, B.C., V6B 2M1
Tel: (604) 681-0312, Fax: (604) 681-1544
Website: www.bbbvan.org