

CONSUMER BULLETIN



Competition Bureau
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Better Business Bureau of Mainland BC Top Ten Scams

VANCOUVER: This year's list of the Top Ten Scams sees some old dogs coming back with some new tricks. New social marketing websites like Facebook and MySpace have opened new doors for identity thieves to access your information, while some unscrupulous door-to-door gas marketers put this category back on this list.

Schemes and scams take on various forms but they all share common traits. The best defense is knowledge; knowing the danger signs and how to protect yourself can save you time and money. The following list, developed jointly by the BBB, Business Practices and Consumer Protection Authority of BC, Competition Bureau of Canada, BC Crime Prevention Association and BC Securities Commission. In no specific order, here are the Top Ten Scams for 2007.

1. Prize Pitches with a Catch

By now you should know the drill - some sweet-talking person calls or writes to you claiming you have won some great prize, such as an all-expenses paid trip or a huge sum of cash. The only thing is that you must send them money, be available for a home delivery or a special presentation, or provide them with some very personal information such as your bank account number. In the end, you don't get the prize and the scammer gets your money with little or no chance that you will get it back.

There's a chance for a 'sequel' to this scam - in a "Recovery Pitch," the scammer takes this a step further. He has the money and now he wants more by calling previous victims telling them he's law enforcement and that he's found the victims' money, but of course the victims have to send money to get their money back.

QUICK TIP: If there's a catch or condition, you haven't won. If it sounds too good to be true, or you're not sure, check the offer out further. Contact your BBB at 604-682-2711 or 1-888-803-1222. If you think it's fraud, call the Canadian Anti-Fraud Call Centre, PhoneBusters, at 1-888-495-8501. To be removed from telephone calling lists or mailing lists of companies that belong to the Canadian Marketing Association, call 1-416-391-2362.

2. Cheque Overpayment Schemes

In this scam, fraudsters typically target people selling a product through classified ads, online bulletin boards or people looking for work on employment postings. The scammer sends a cheque for the listed product or service that is more than the negotiated price. The original cheque is usually stolen or is bogus, and by the time the victim has cashed and returned the excess funds, the scammer has disappeared with the money and the product.

Another cheque overpayment scheme can be under the guise of working as a mystery shopper. The victim believes that they will be paid to mystery shop a wire-transfer service. They are sent a cheque, told to deposit it, keep a small percentage of the money as their wage, wire the rest, and then complete the survey on the service they encounter. The address turns out to be bogus, the money wire-transferred to another unknown location and the victim is out the money transferred.

QUICK TIP: Never accept payment for more than your selling price. Never agree to refund the excess to a buyer or wire-transfer money to another location. A legitimate buyer or employer would never ask you to do so. Consider using an independent online payment service. Speak to your credit card service provider to determine what avenues it has to guarantee payment processing.

3. Door-to-Door Marketing

They come to your door uninvited, offering to renovate, to repair, to sell you a great deal on a product that turns out to be overpriced or lacking in quality, or they request your help in contributing to a worthwhile cause. Consumer complaints about high pressure and misleading sales practices of some door-to-door sales people, including gas marketers, put this topic on the list. Be very careful when agreeing to do business with a door-to-door contractor or salesperson.

QUICK TIP: Know what you need and take the time to do your research. Any legitimate salesperson or contractor will give you the time to make the best decision. Start with the BBB (www.bbb.org) to check the business out. Gas marketers must be registered through the BC Utilities Commission (www.bcuc.com). You may have cancellation rights when dealing with door-to-door contracts; contact the Business Practices and Consumer Protection Authority of BC toll-free at 1-888-564-9963 or visit www.bpcpa.ca for further information.

4. ID Theft

What do social networking sites like Facebook and MySpace have in common with unsolicited e-mails, PIN Pad machines and credit card skimmers? They are all being used as a means to steal your personal information for fraud. Whether you innocently set up a detailed profile on a website that anyone can access, respond to “phishing” emails, click on a link to access what appears to be your bank or another reputable agency, or respond to an unsolicited call, by providing personal information you could inadvertently be giving a criminal your identity. A recent survey indicated that 28% of Canadians knew someone who was a victim of identity theft.

QUICK TIP: Control your information – limit what information you provide on websites, and shred any documents that contain your personal information. Never give out banking, credit card or other personal information to someone who has contacted you. Make sure to check your credit report annually with Equifax (1-800-465-7166 or www.equifax.ca) and Trans Union Canada (1-866-525-0262 or www.tuc.ca.) For more information about identity theft, go to: www.bccpa.org/crimeshield/consumers/identitytheft.html.

5. Advance Fee Loans

Looking to borrow a little extra cash? You have probably read a classified ad or an online pop-up that provides you the opportunity to borrow thousands of dollars despite your credit rating. If so, did it also state that it will only cost you a small fee to do this? Before you jump up and send in that processing fee or security deposit, be warned that this is likely a scam and advance fee loans are illegal in Canada. You should never have to pay cash in advance for a loan. Many people have filled out their application for their loan, sent in their hard-earned money and then have never heard back from the company. Now, the consumer is out the anticipated “pre-approved” loan but also the processing fee as well.

QUICK TIP: Never pay money to get money. If it is a legitimate loan or lender, the fee will be added to the total amount owed on the loan as required by BC consumer protection laws. For information about disclosure requirements when you are applying for a personal loan in BC, contact the Business Practices and Consumer Protection Authority (BPCPA) of BC toll-free at 1-888-564-9963 or visit www.bpcpa.ca.

6. Health Claims and Cure Alls

Beware of too-good-to-be-true advertisements claiming “rapid” and “effortless” weight loss, stop smoking or “miracle cures” with “newly discovered” treatments for disease and illness. These scams may put your health at risk if proper medical treatment is delayed or compromised.

QUICK TIP: Before buying any treatment or medication, consult your physician, pharmacist or other health care professional. Any product that has weight-loss properties must have a Drug Identification Number. Confirm its authenticity by contacting Health Canada (www.hc-sc.gc.ca). Report any bogus health and wellness claims to the Competition Bureau of Canada at 1-800-348-5358 or at www.competitionbureau.gc.ca

7. Guaranteed Vehicle Brokers

After listing your used vehicle for sale in the classifieds, you receive a call advising you that they have a purchaser for your vehicle. They ask for a fee guaranteeing that the purchaser will pay more than the vehicle is advertised for or they will list your vehicle on their classified site with the promise that if the vehicle is not sold for more within 90 days, you will get your money back.

Your vehicle is not sold, the guarantees are not followed through and you are out of pocket the funds you have given this company.

QUICK TIP: The BBB advises consumers to be wary of brokers who “guarantee” auto sales with prearranged buyers. Ask detailed questions such as: is the buyer specifically interested in your vehicle, rather than a range of similar vehicles? Always understand telemarketing offers and ask for additional documentation. Check to see if the telemarketing company is licensed through the Business Practices and Consumer Protection Authority of BC at www.bpcpa.ca or 1-888-564-9963.

8. Bogus Credit Offers

Promising substantial lower interest rates on credit card debt, these offers appear to be a legitimate debt consolidation or counseling service. The catch is that they ask for a substantial fee to help you reduce your debt. In exchange, they promise to contact your credit card companies to negotiate lower interest rates on your credit cards.

In reality, the company sends you information on how you can lower your interest rates by contacting your credit card companies directly and negotiating. In some situations, the consumer is not even eligible or able to use these services.

QUICK TIP: If you have credit problems, you can improve your credit profile on your own at no charge or consult with local services that offer debt counseling and other related services. If considering such an offer, understand what services the debt consolidation company is providing and get these terms and conditions in writing. If the company will be collecting funds from you and making payment on your behalf, ensure that they are properly licensed through the Business Practices and Consumer Protection Authority of BC (www.bpcpa.ca).

9. Unscrupulous Moving Practices

Some moving companies have unethical practices that tarnish the industry: charging hidden fees or providing low estimates and then, at delivery, charging more or holding your goods in storage until you pay.

QUICK TIP: Have the moving company provide a detailed estimate in writing and request a firm quote. Check the company out with the Better Business Bureau (www.bbb.org). Find out what protection the company will provide you in the case of damaged or missing items and make sure that this information is added to your written agreement.

10. Affinity Fraud

In about half of all investment frauds, scam artists will target religious, ethnic, or close-knit community groups by gaining trust and encouraging group members to invest their funds in fake investment opportunities that promise guaranteed high returns, tax breaks and little financial risk.

QUICK TIP: Know the red flags of investing. Know what to look out for and how to invest. Select an investment professional that meets your needs. Visit the Investright.org website for information on how to select an advisor and what to look out for when choosing to invest.

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