

The Little Black Book of Scams

A Consumer's Guide to Scams, Swindles, Rorts and Rip Offs

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While everything practicable has been done to ensure the accuracy of information in this book, no liability is accepted for any loss or damage whatsoever attributable to reliance upon any of that information. Nothing in this book should be taken to displace the need to seek professional advice.



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Scams, scammers, and you

Scams

Scams are means of depriving you of your money. They give you nothing or little of value in return.

Scams prey on people's desire to increase their wealth or their need for health, safety, or beauty. Some scams can manipulate you without you being aware of it. Some will offer you things you neither want nor need.

Scammers play on your emotions. They are masters at the art of influence.

Scams are organised by unscrupulous individuals who sometimes use innocent and well meaning people to promote their activities. Scammers devise new and attractive concepts to hide what they are up to, but their schemes usually follow established steps which can give them away.

You will always lose when you are caught up in a scam, yet it is so easy to take the bait. And even when scammers get caught, they've done immeasurable harm by the time they are caught. Then, what comfort is it to you anyway? Your money's gone. In some cases what has been lost is far beyond monetary value. Scammers never compensate you.

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The scammers' perspective

Scammers try to play you for a fool. They will attempt to take you for a ride, for all they can. They will strip you of what is yours. They will try and take advantage of your good nature and instinctive behaviour.

They think that there's a sucker born every minute, and they expect you to be the next one. They'll make you feel like an idiot for not going along with them, and they'll push you till you commit to their fraud and get-broke-quick schemes.

They know that they'll get away with it in a lot of cases, that people are too embarrassed to report that they've been scammed.

And they laugh all the way to the bank.

How can you protect yourself?

Simple.

Learn to recognise scams when you come across them

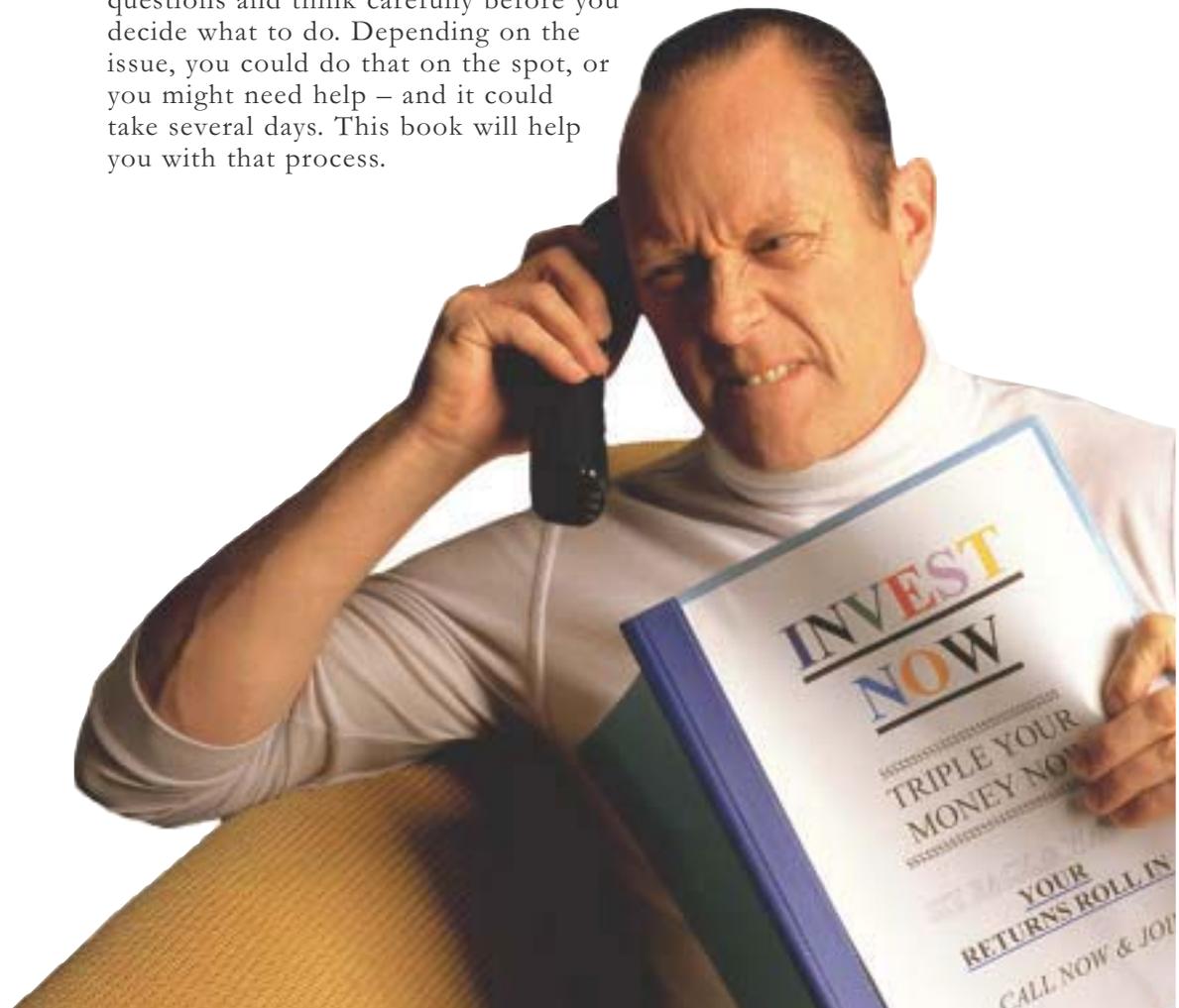
Know what to do when you are approached.

This is the purpose of this book. Each chapter will identify a type of scam, explain how to recognise it and how it works and, most importantly, what you can do to protect yourself.

Why scams succeed

Scams succeed because of two things.

Firstly, a scam looks like the real thing. It appears to meet your need or desire. To find out that it is in fact a scam, you must first make the effort to check it properly. You need to ask questions and think carefully before you decide what to do. Depending on the issue, you could do that on the spot, or you might need help – and it could take several days. This book will help you with that process.



Secondly, the scammers manipulate you by 'pushing your buttons' to produce the automatic response they want. It's nothing to do with you personally, it's to do with the way individuals in society are wired up emotionally and socially. It's because the response is automatic that people fall for the scam.

To stop scammers manipulating you into their traps, it can be useful to know how to prevent the automatic response they expect. You'll find more on this subject on page 64.

Dangerous myths

Some people have mistaken beliefs which leave them more prone to scams.

One of them is the belief that all companies, businesses and organisations are legitimate and okay because they are all vetted and approved by the government or some other authority. That is not so. Consumer protection agencies can only do so much. While they are constantly on the look-out for dodgy operators, they can often take action only after scams are reported to them. Another attitude which makes it easy for scammers is the belief for some people that there are shortcuts to wealth that only a few people know. This attitude particularly helps financial and investment fraud to take hold.

There are no such secrets and experts – just successful people who have done their homework and who got on with the job, possibly with a bit of luck and the help of friends. You won't become one of those by signing up to some scam! There is no substitute for hard work.



There doesn't have to be a sucker born every minute, and you don't have to be the next one.



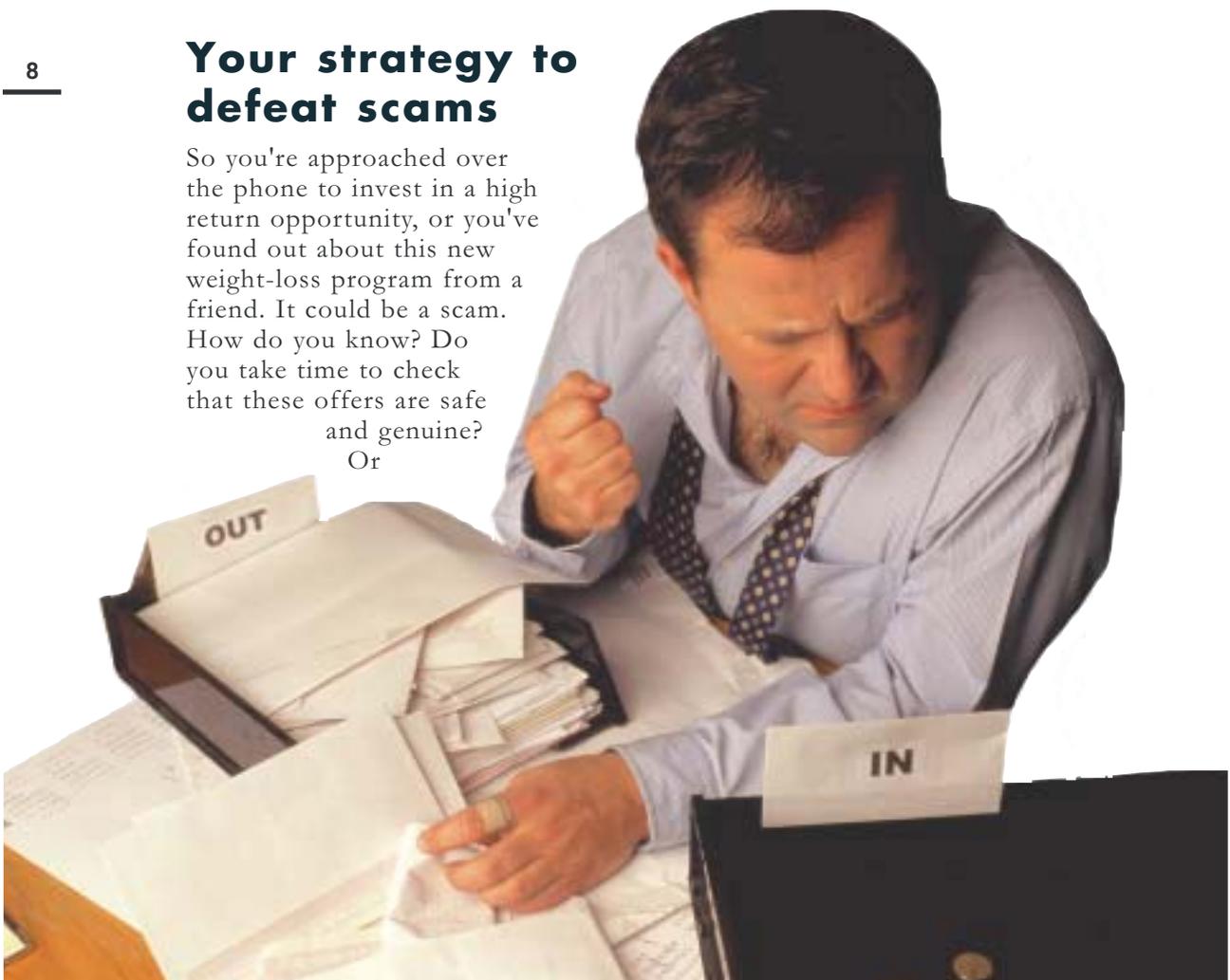
Government agencies are here to help

Specific government agencies exist to help you protect yourself against scams, to investigate them and to take action against perpetrators. Each State and Territory government operates a consumer protection agency usually called Fair Trading or Consumer Affairs. The Federal Government operates the Australian Securities and Investments Commission (ASIC) and the Australian Competition and Consumer Commission (ACCC). You can find full contact details for these agencies at the back of this book. Remember, it's better to call them for information before you fall into a scam, and be safe, rather than to call them too late, and be broke. Money lost in scams is almost never recovered. Even if the perpetrators are caught and punished, that is of little use to you. Get early advice and be safe.

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Your strategy to defeat scams

So you're approached over the phone to invest in a high return opportunity, or you've found out about this new weight-loss program from a friend. It could be a scam. How do you know? Do you take time to check that these offers are safe and genuine?
Or

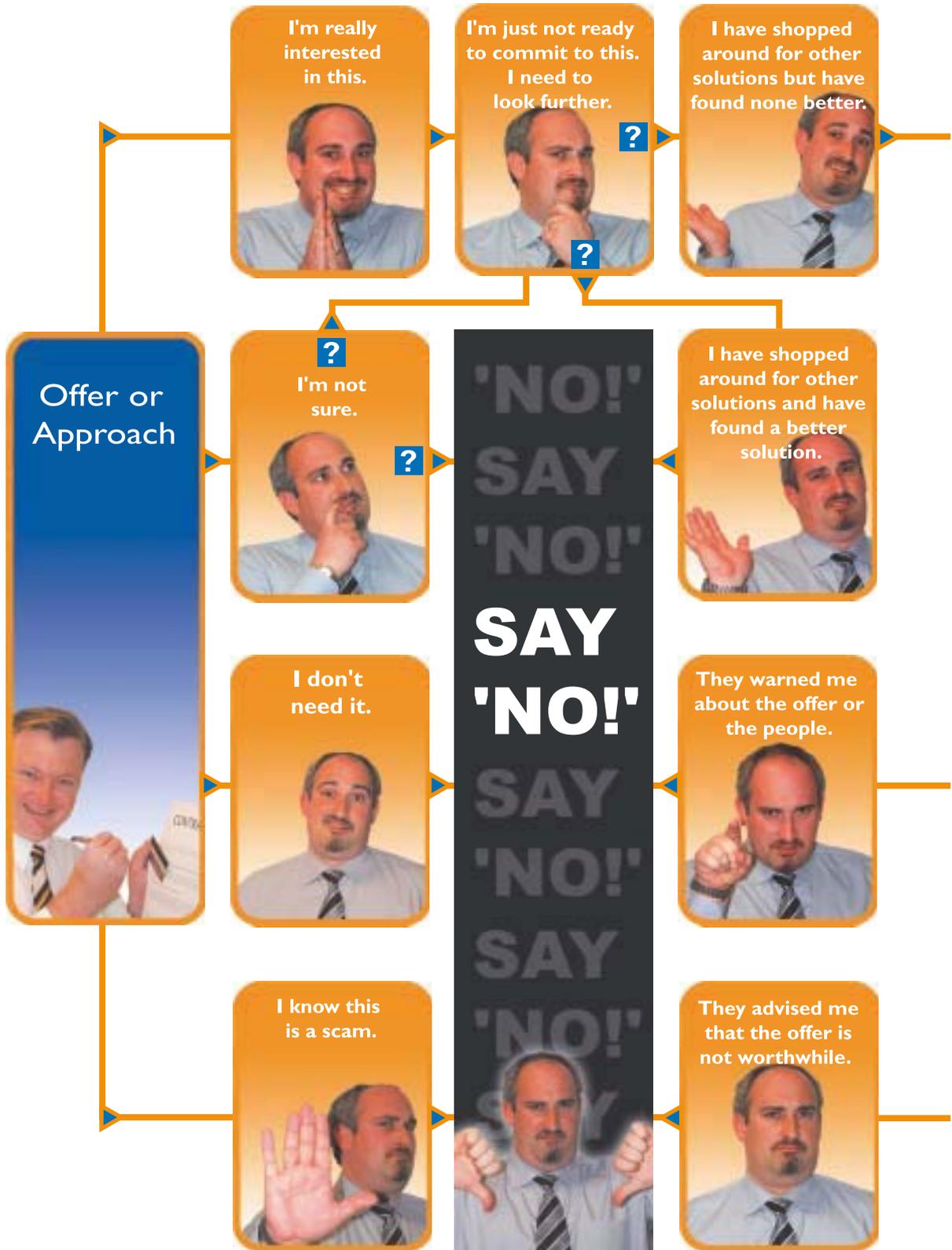


maybe you don't want to miss out, so you agree and 'just hope it'll turn out okay'.

Here's what **YOU** can do if **YOU** want to protect

	1 Say 'No' or hold off (refuse now - you can agree later)
	2 look further
	3 question
	4 decide

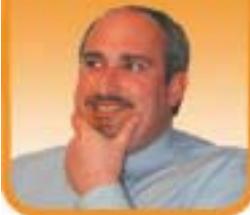
How to deal with scams



I need to ask some questions.



They said the offer is worthwhile.



The offer or the people checked out OK.



I have spoken with the relevant consumer protection or government agency to find out whether the offer is okay and whether the people behind it are operating legally.

?

I have spoken with an independent professional expert to check whether the offer is worthwhile to me and to my circumstances.

?



?



?

?

They said the offer is okay but nothing special.



I CAN SAY 'YES'

If I can afford it and still want it.

Now I need to

decide in my own time. I could ask for conditions that suit or protect me better, or that give me a better deal.

“NO”

The best way to avoid a scam is simply to say 'No' to it.

Saying 'No' is your first line of defence. Always. Even if there is something good in the offer, say 'No' first, then seek more information and independent professional advice. For important issues, discuss the matter with someone else. If in doubt, or if you're alone, ask the consumer protection agency people. That's what they're there for.

Say 'No' when you are approached. If the offer turns out to be safe and good for you, you can always say 'yes' later.

No, not now, I need to think about it.

No, this offer sounds too good to be true. I will seek professional advice.

No, I don't understand parts of the contract you want me to sign.

No, I choose normal investments for my money. I always discuss my investments with my family and my accountant before signing anything.

No, I do not want you to fix my roof before I get other quotes.

No, it is not safe for me to give out my credit card number.

No, I don't want your 'free gifts' and prizes. I have no business with you.

No, I don't believe your investment offer. If it were that good, why would you tell anyone?

No, I do not need this item now. I always discuss purchases with my family.

No, I'm too busy. Give me your details and your home number. I'll call you back.

Say 'No' when in doubt.

Say 'No' to any offer which makes you uncomfortable, puts you under pressure or where you may be unsure or fearful. If you're frightened, shut the door on persistent door-knockers (better still, don't open your door) and phone for help from a trusted neighbour or the police.

Say 'No' especially when the offer seems too good to be true, too convenient or too easy.

Say 'No' even to a friend.

Say 'No', even when you know and trust the person making the offer, be it a friend or relative. Remember, plenty of innocent and well-meaning people have been duped into promoting scams. Both of you could stand to lose money. It could also destroy your relationship.

It's okay to say 'No'.

It's okay to say 'No'. When in any doubt, it's safer to say 'No'. 'No' is always your best defence. You'll enjoy the peace of mind.





“Pyramid schemes fleece you and get you to fleece your friends.”





Pyramid Schemes



Pyramid Schemes

Pyramid schemes come under different disguises and names. Their purpose is to make money by recruiting people, rather than by selling a legitimate product or providing a service.

Most participants never make money. Most lose all the money they paid to participate. Some have lost their life savings. Marriages and friendships have been destroyed.

What to look for

If the proposal offers you financial reward for recruiting people and

offers goods and services of little or doubtful value, that only serve to promote the scheme

has no goods or services for sale

requires you to purchase large quantities of goods (more than what you need for yourself)

then you are possibly dealing with an illegal pyramid scheme.





How it's done

Promoters at the top of the pyramid profit from having people join their 'money-making' scheme. They pocket the fees and other payments made by those who join under them.

In a typical pyramid scheme, a member pays to join and the only way for the member to ever recover any money is to convince, or con, other people to join up and to part with their money as well.

In contrast, people in legitimate multi-level marketing make money by selling genuine products to consumers, not from the recruiting process. Be aware though, some pyramid scheme promoters disguise their true purpose by introducing worthless products, but making money out of recruitment is still their main aim.

People often hear about money-making schemes from friends, family or neighbours. Traditionally, pyramid schemes have used seminars, home meetings, the phone or even mail to enrol people. Now email, usually as spam, is increasingly used as well.

If YOU participate in any pyramid scheme YOU are very likely to lose YOUR money - and may even be liable for other people's losses!



For everyone to profit there would have to be an endless supply of newcomers. In fact, the more people join up, the less they can recover their costs, let alone make money. When the pyramid collapses (and they all do) relationships, friendships and marriages can be destroyed over money lost in the scam.

In Australia, it is a criminal offence not only to promote a pyramid scheme, but even to participate in one.



Participation in a pyramid scheme could see you face individual fines of up to \$220,000 and up to \$1.1 million for a corporation.





<h2>How to protect yourself</h2>	
 <p>Say 'No' or hold off</p>	<p>'No, this offer sounds too good to be true. I will seek professional advice.'</p> <p>'No, I choose normal investments for my money. I always discuss my investments with my family and my accountant before signing anything.'</p>
 <p>Look further</p>	<p>Disregard and delete all email promoting get-rich-quick financial schemes, chain letters or requests for cash to be sent through the mail.</p> <p>Refuse to commit to anything at high-pressure meetings or seminars. Take time to do your homework on the scheme. Think it over and seek professional or legal advice.</p>
 <p>Question</p>	<p>Check that products are able to be returned if unsold. Refuse schemes that require you to purchase more inventory than you need.</p> <p>Check with ASIC and ACCC to see if any action has been taken against the scheme.</p> <p>Ask for proof when schemes publish testimonials or projected earnings about financial achievements. Don't take claims of miracle products or "sure-fire sales" at face value. Ask for independent research or figures.</p>
 <p>Decide</p>	<p>If you've determined that it's not a pyramid scheme, that doesn't mean that it is necessarily a good opportunity for you. Do your homework, seek independent advice and make your decision based on the facts not on the promise.</p>



“There's no such thing as something for nothing”





Amazing Offers
and Demands

Uninvited offers, 'prizes' and lotteries

Scammers will send you free goods, 'winning tickets' or invitations to entice you to go along with a scam. You might be asked to pay a joining fee or to buy something to 'win' a prize. Some scams use the postal system to sell products or get money by offering something that will never arrive.

What to look for If you receive

- an invitation to participate in any type of lottery or sweepstake
- uninvited gifts or goods from any source
- an offer from overseas
- a request to pay a fee to receive more 'benefits' from the same provider
- an offer from an unregistered lottery

**then you are probably dealing
with a scam.**





How it's done

Scammers send out amazing offers and 'gifts' of 'winning tickets' and 'prizes' in exchange for an administration or entry fee, small enough to entice people to join. Scammers know that a number of people will send them money, either lured by the promise of gains greater than the initial outlay (the 'What have I got to lose?' reaction) or because the victim is driven by a sense of obligation after receiving 'something-for-nothing'.

In most cases, the victims of this type of scam pay money for something they never receive.

How to protect yourself	
<p>Say 'No' or hold off</p>	<p>'No thank you, I always refuse unexpected prizes and gifts.'</p> <p>'No, I never give my credit card or bank account details to strangers.'</p>
<p>Look further</p>	<p>Check with the consumer protection agency in your State.</p>
<p>Question</p>	<p>Question how they acquired your contact details. Have you provided your details for a 'free offer' recently?</p>
<p>Decide</p>	<p>Don't write back. It only indicates you're interested and encourages more letters.</p> <p>If it is anything other than a registered lottery or competition – say no!</p>



Advance fee fraud

This scam has cost people from hundred of dollars to hundred of thousands of dollars. The scam escalates rapidly once you show interest – and all because there is the lure of easy money.

What to look for

If you receive

an offer to participate in the transfer of overseas funds (eg Nigeria)

an unexpected request for your account details to transfer overseas funds

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that's your signal that you are targeted for a scam.



How it's done

Scammers contact you by letter (often handwritten) or by email. They tell you that due to some misfortune in their country they have a legitimate need to discreetly transfer large amounts of funds overseas, often millions of dollars. To do that, they need access to the bank account of someone who will help them and to whom they will offer a hefty percentage of their money. Of course the whole story is fictitious. And, they always emphasise the need for secrecy and urgency – to discourage you from seeking advice.

If you agree and send them your details, they reply quickly with what appears to be genuine fund transfer information, and later ask you for a payment, often thousands of dollars, to cover 'local charges' or 'bribes for local officials'.

When you send them the money you either never hear from them again, or they get back to you and ask for more. You never receive any money – you just lose every cent you send them.

Sometimes the whole scheme is hidden under the cloak of charitable or missionary work.

How to protect yourself

 Say 'No' or hold off	<p>Say 'No' to it. This is always a scam. There is no need to hold off, look further, question or decide. Just say 'No'.</p> <p>'No, this offer is far too dangerous.'</p> <p>'No, I don't give my personal or bank details to anyone I don't know.'</p>
Report it	<p>Do yourself and literally thousands of people a favour: report the matter to the ACCC.</p>



False billing

Some people and businesses assume that the bills they receive are all legitimate, and they pay their bills in good faith. Knowing that, scammers send out fake bills and invoices, and make money at the expense of those who pay bills without checking them first.

What to look for

If you or your business are subjected to:

- unexpected bills and invoices
- persistent claims that someone has already approved a billed item
- unexpected items, such as advertising copy, sent to you for approval
- people claiming you must pay them because of a previously signed order
- debt-collectors pursuing you for invoices you know nothing about

then you might have been sent a false bill.

How it's done

Scammers will bill you for things you normally purchase, and for which you receive invoices. The catch is, the scammers did not supply you with the goods and services. They rely on flaws in your accounting, authorisation and payment procedures (whether you're a business or a household) to lead you into making an unnecessary payment in their favour. Some even pretend to work for charitable organisations.



How to protect yourself	
<p>NO</p> <p>Say 'No' or hold off</p>	<p>'No, I'm sorry I don't pay bills automatically, I need to check first'.</p> <p>'No, I know who authorises payments here. We only allow a small number of people to make those types of purchases'.</p>
<p>Look further</p>	<p>Check the items on the bill, especially monthly credit card statements which can include fraudulent or unauthorised transactions.</p> <p>Before you pay a bill check:</p> <ul style="list-style-type: none"> that you did actually order the goods or services, that you did receive the goods or services, and that they were supplied by the organisation on the bill.
<p>Question</p>	<p>Check the credentials of the organisations you deal with, or call to check that the person who contacted you actually works for that organisation.</p> <p>Ask questions – don't deal with invoices mechanically.</p>
<p>Decide</p>	<p>If it doesn't check out – don't pay it.</p>



**“It's your door.
It's okay to close it on
strangers who turn your
home into a market place.”**





Door-to-door
Scams



Door-to-door scams

Door-to-door scams involve promoting real or false goods or services. Even in the case of genuine businesses and products, unscrupulous operators can still act illegally, to the detriment of other people.

What to look for

Scammers will ask for either deposit or full payment, in cash or by credit card. They seldom accept cheques as they can be easily cancelled later.

They will fail to tell you about your legal rights, including a 10-day cooling-off period in some states of Australia. Be aware that in NSW and Victoria, if you pay by cash or cheque, a cooling-off period does not apply. It is also important to know that not all door-to-door sales are covered by the State or Territory door-to-door sales legislation. Some sales, such as insurance, may be covered by other legislation. Whatever the circumstance, you should generally be made aware of your legal rights.

They demand that you decide to accept their offer on the spot.

In contrast, genuine door-to-door salespersons:

- should show personal identification
- should give you written information, and tell you about your cooling-off period for door-to-door sales and give you documents which allow you to cancel the sale easily
- abide by the law, call only during the legally permitted hours, and neither pressure nor require you to purchase any good or service
- give you an official receipt with their Australian Business Number (ABN), name, address and telephone details.

How it's done

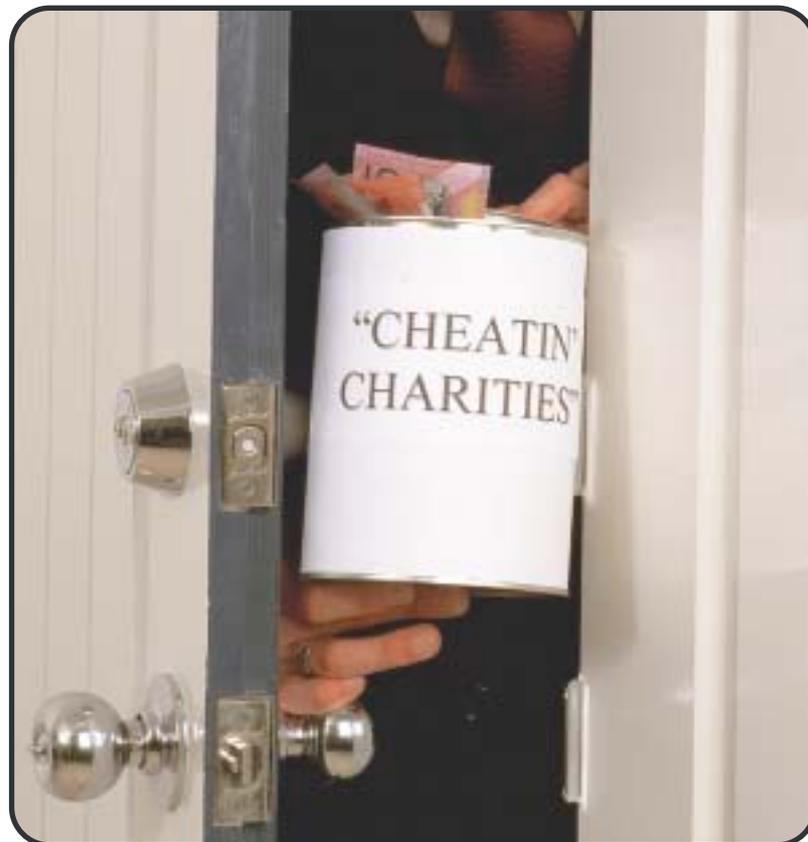
Besides the sale of goods, door-to-door sales can promote services, such as a roof repair, home or garden maintenance, and telephone services. Sometimes door-knockers pretend to conduct a survey.

Door-to-door sales are normally uninvited. Sometimes the salesperson just turns up at your door, sometimes they will be in your home because you booked an appointment with their sales organisation.



In either case, salespeople are not visitors in your home – they are there to get you to hand over your money to them. By law they must leave when you tell them.

Door-to-door scammers will not give you value for your money. Their money-back guarantees will turn out to be useless. You stand to lose your money. At worst, a door-knocker's real purpose could be to prepare for a subsequent break-in into your home.





Excellent. Only one more to go and I've got the whole street!



Hello Madam! I'm from the National Childrens Hospital Foundation. Would you like to make a tax free donation so we can buy new wheelchairs?



What do you mean I can't send you a cheque in a few days?
What do you mean you can't provide indentification?





<h2>How to protect yourself</h2>	
<p> Say 'No' or hold off</p>	<p>'No, not now, I need to think about it.'</p> <p>'No, I do not want you to fix my home until I get other quotes.'</p> <p>'No, I do not need this item now. I always discuss purchases with my partner [or some other 'authority' figure to fob off the salesperson].'</p> <p>Say 'No' to any offer which makes you uncomfortable, puts you under pressure or where you may be unsure or fearful. If you are frightened, phone for help from a trusted neighbour or the police, and consider not opening your door to people you don't know.</p>
<p> Look further</p>	<p>If you suspect foul play, report the incident immediately to the relevant consumer protection agency or the police.</p> <p>Check your emotions. Smooth or aggressive sales tactics can put you under pressure. If you think the salesperson is preying on your emotions, such as your fear, need, curiosity, sense of obligation, then stop! Tell the salesperson to leave.</p> <p>Before you sign anything, know the full costs, including delivery.</p> <p>Beware of claims such as 'your roof needs painting' or 'your vacuum cleaner doesn't work properly'. Get independent advice to check those claims.</p>
<p> Question</p>	<p>Salespeople are required to show you company identification. Make a written note of the person's and the company's name, address and telephone number.</p> <p>Never accept door-to-door quotes at face value. Instead, seek other quotes. Compare prices and terms. Ask if there is a charge for quoting.</p> <p>Before you sign anything ask yourself, and ask your family, whether you really need what you are being offered.</p> <p>Ask about a warranty. Get it in writing.</p> <p>Beware of surveys. Ask for identification. Surveys are often a means to make an appointment for a salesperson to call. If you accept, make sure you know the name and address of the salesperson and of the company.</p>
<p> Decide</p>	<p>Make sure that the decision is your own and that you are properly protected.</p>



**“ If you knew for certain a way to make quick money, would you tell anybody?
So, why would a complete stranger tell you? ”**





Investment and
Financial Scams



Financial scams over the phone

Telemarketing, in the form of cold calling, can be used to promote scams. To attract and hold the victim's curiosity, some scammers will pretend to be investment advisers or community workers from a religious organisation.

What to look for

If you receive an unexpected telephone call that

is from an unidentified or unknown source, often overseas
offers you above-average returns on your money
encourages you to trade in foreign currency

then you could be the target of a financial scam.



**Would you hand over your investments to a stranger in the street?
Should you hand over your investments to a stranger over the phone?**





How it's done

Cold callers rely on human curiosity and the lure of easy money to entrap their victims. They telephone you out of the blue. They often claim to be stockbrokers or portfolio managers, and play on your curiosity with offers of high returns for your money. Sometimes they will make an appointment for a 'senior adviser' to call you back. They generally offer share, mortgage or real estate 'investments', 'high-return' schemes, option trading or foreign currency trading. The scammers tend to operate from overseas as most of their activities are illegal in Australia.

Scammers aim to make you feel like a fool if you say 'no' to them. They are very persistent, and people often surrender money because of the pressure placed on them. Scammers are very good at playing on emotions and at embarrassing their target.

Scammers also target people with specific religious or community interests, enticing them with promises to send profits to charity or worthy causes. On occasions, the person promoting the scheme may be acting in good faith, having themselves been duped by the scammers.





Never make an investment decision over the phone. Talk to a trusted financial adviser first.

If you don't buy in this week - you'll miss out. People are going crazy for this one.





How to protect yourself	
 Say 'No' or hold off	<p>'No, I only deal with people I know.'</p> <p>'No, this offer sounds too good to be true. I will seek professional advice.'</p> <p>'No, I choose normal investments for my money. I always discuss my investments with my family and my accountant before signing anything.'</p>
 Look further	<p>Check ASIC's register of authorised financial representatives before you deal with unknown financial advisers. You can check their details online at www.fido.asic.gov.au or call ASIC.</p> <p>Always investigate money-making schemes very carefully before parting with your money. Take time to seek professional or legal advice.</p>
 Question	<p>Ask the scammers these questions and they'll probably hang up in embarrassment:</p> <ul style="list-style-type: none"> What is your Australian securities dealer's licence number? Who is lodging your prospectus? [If it's a foreign caller] What is your Australian Registered Body Number (ARBN)? What is your Australian Business Number (ABN) and your Australian company number (ACN)? What is the name of your company? Who owns your company? What is your address? <p>If they're game enough to answer these questions, take the time to confirm their details with ASIC.</p> <p>Ask for published independent substantiation of projected earnings, current financial statements, and prospectus. Ask for proof of testimonials of financial success.</p>
 Decide	<p>Don't be pressured into making a decision on the phone. Make your own decision in your own time after doing some research.</p>



Misleading share promotions

You could receive unexpected information, by email or otherwise, about a good deal on stock you might or might not have heard of. Generally the promotion will pretend that the stock is about to increase in value. This is known as 'ramping'.

What to look for

If you receive an uninvited message from a stranger who gives you stock market advice or advice on a particular company's shares, you should suspect a scam.

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How it's done

Fraudulent operators will send out millions of spam emails or letters telling recipients that a particular stock will improve in value for some reason. The message fools gullible people who act on it. The sudden demand for the stock increases its share price. During this contrived boom, the promoters sell the shares they had acquired previously, and make a sizeable profit. The new owners of the stock are left with a loss since they have paid more for the shares than they are worth.

Any material which promotes particular shares, promotes a vested interest which is not necessarily your interest. Someone else has to gain from the offer. Note that a company's high profile is no guarantee about stock information either.

The returns they talk about seem unreal because they are. People have lost their life and retirement savings in bogus investments.



How to protect yourself	
 Say 'No' or hold off	<p>'No, I only take advice from qualified financial advisers I know personally.'</p> <p>'No, this tip sounds too good to be true. I will seek professional advice.'</p>
 Look further	<p>If the email appears to be from a known source, contact that source to check that the email is genuine, before you take any other action.</p>
 Question	<p>If you really think there's potential in uninvited investment news you receive, before you take any other action, ALWAYS check with a qualified financial adviser authorised by ASIC. See the back for contact details.</p>
 Decide	<p>Don't risk any money on uninvited emails. Only proceed if you know the email source and have checked the investment with a financial adviser and are investing only what you can afford to lose.</p>



Real estate scams

Thousands of Australians, especially people investing for their retirement, have been ruined by two-tier marketing and other real estate scams which artificially inflate the value of investment properties and deflate the investors' savings.

What to look for

Beware of all uninvited approaches to involve you in real estate deals of any kind.

If you are approached by telephone, mail or otherwise to purchase any property – particularly if that property is not in your local area – then it's possible you are being set up for a real estate scam such as two-tier marketing.

If you are approached to invest, alone or with others, in a mortgage scheme for property away from your town, you're probably being set up for mortgage scam.

Beware of investment seminars which promote negative gearing, mortgage schemes or other investments in real estate away from where you live.

Promoters' claims of 'once-in-a-lifetime opportunity' and 'small window-of-opportunity' indicate you could be targeted for a scam.

How it's done

Two-tier marketing involves the selling of residential and holiday apartments, typically to interstate buyers, at prices well above fair market rates. Investors later discover they are facing losses of tens of thousands of dollars on their original purchase when they go to sell their properties.

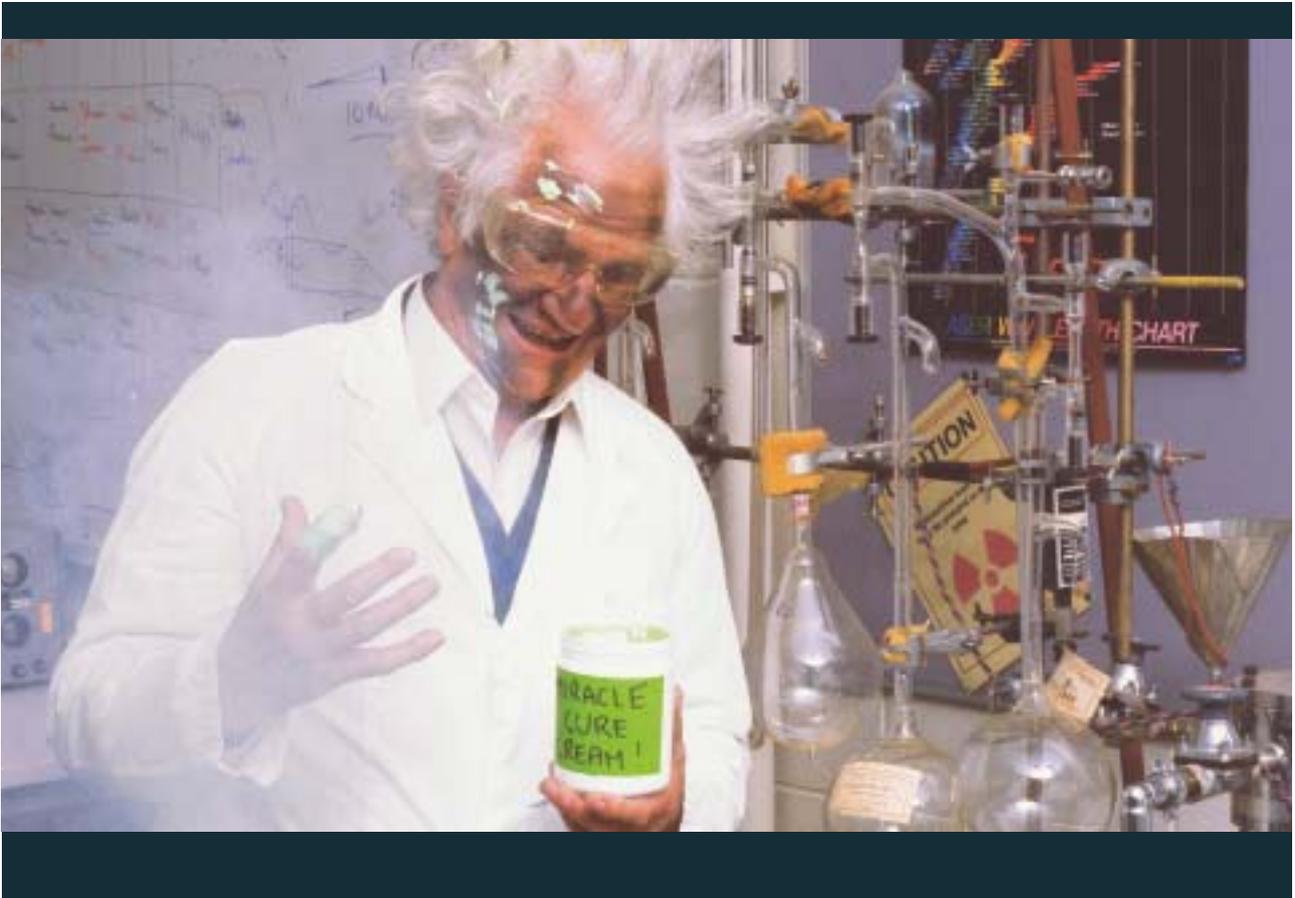
Other real estate scams fleece mostly small time investors and retirees through solicitor-operated mortgage schemes and some negative gearing deals. They bank on you not knowing the value of real estate in the area they are marketing.



<h2>How to protect yourself</h2>	
<p>NO</p> <p>Say 'No' or hold off</p>	<p>'No, this offer sounds too good to be true. I will seek professional legal advice in these circumstances.'</p> <p>'No, I am a careful investor. I always discuss my investments with my professional financial adviser before committing to anything.'</p> <p>'No, I do not believe that this offer has to be accepted within 24 hours. Genuine offers always allow time for seeking independent financial advice.'</p>
<p>▶</p> <p>Look further</p>	<p>Refuse to commit to anything at high-pressure meetings or seminars. Do your homework. Take time to seek professional or legal advice.</p>
<p>?</p> <p>Question</p>	<p>Always investigate money-making schemes very carefully before parting with your money. Check with ASIC and the ACCC to see if any action has been taken against the promoters or their schemes.</p> <p>Ask for proof when promoters claim large financial benefits such as an independent substantiation of projected earnings.</p> <p>Scammers may offer to fly you interstate to view properties. If you decide against purchasing, find out if you must pay for the transport and accommodation.</p>
<p>✓ ✗</p> <p>Decide</p>	<p>Real estate investment is costly and risky. Make your decision based on expert advice and don't assume that negative-gearing is the answer to all real estate investments.</p> <p>Get professional advice on whether negative or positive gearing is the better option for your personal situation.</p>



“The only 'miracle' about miracle cures is that they fool so many people.”





Medical Scams



Miracle cures

Medical scams prey on human suffering, desperation and ignorance. They offer solutions where none exist or promise to simplify complex health treatments.

What to look for

To give credibility to their scam, promoters often disguise their scheme as alternative medicine or use the testimonials of well-known celebrities. Watch out for testimonials that cannot be verified. Eg “John, from Melbourne”

It's likely to be a scam if it

professes to be a treatment for a wide range of ailments

diagnoses medical conditions from a questionnaire, computer-based or otherwise, and consequently prescribes 'medication', vitamins or supplements

is sold outside normal commercial distribution channels. Channels such as Internet, unqualified individuals, mail order ads or television infomercials should be avoided

relies on some guru figure, or gives mystical properties to certain ingredients

claims to be an alternative medicine, and provides no scientific evidence or demonstrated link between the cure and the effects of the promoted program

People who look for easy solutions to their health problems often get ripped off in scams.



How it's done

Medical scams cover a whole range of products and services which can appear to be legitimate alternative medicine. They cover health treatment for all kinds of conditions from cancer and AIDS to arthritis and colds.

They are usually promoted by people with no medical qualifications who cook up phoney reasons why their products

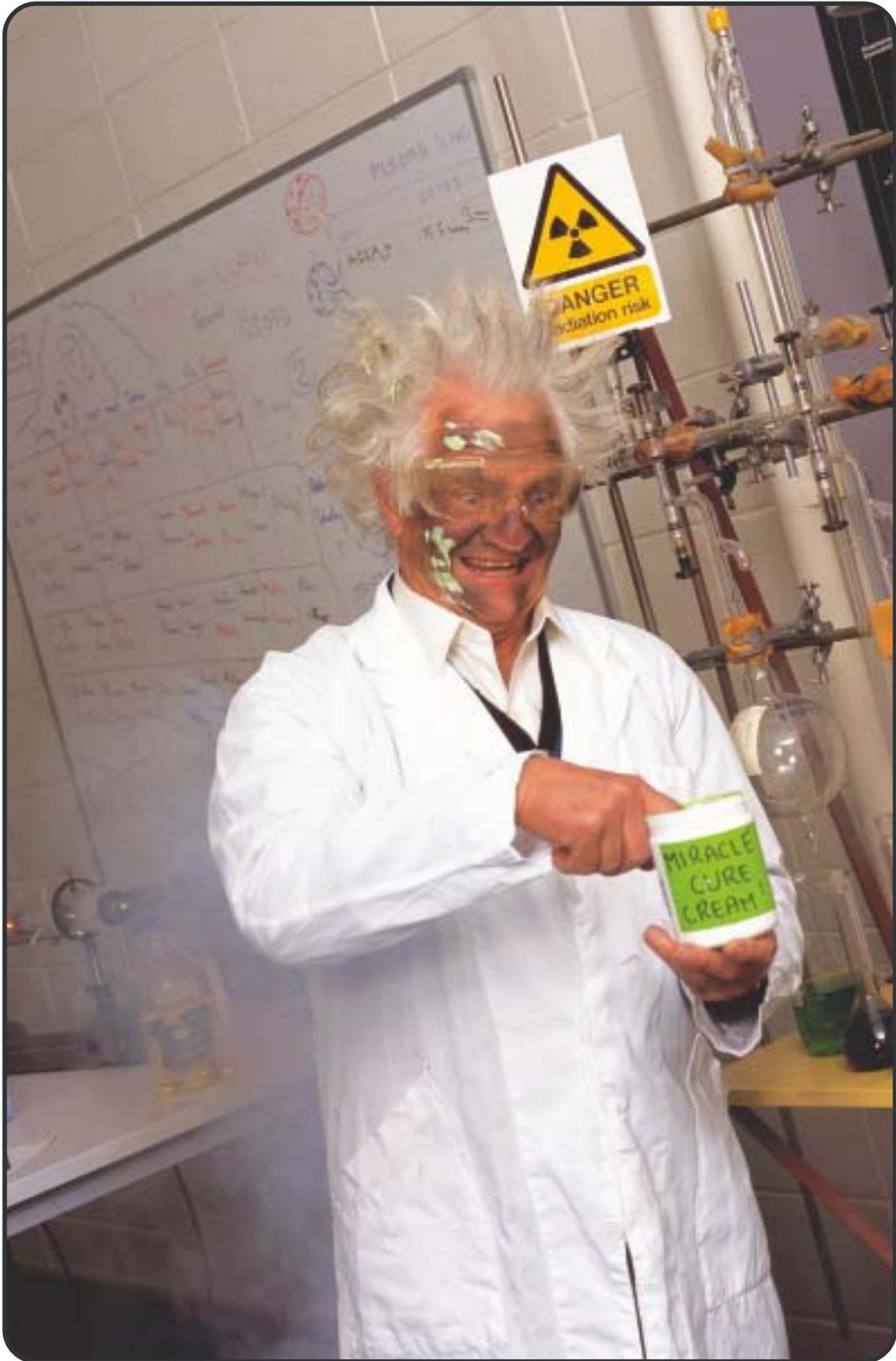
are not supported by conventional doctors. They will talk about medical industry conspiracies to silence them or secret ancient techniques that challenge modern practices or any number of fictions that simply don't check out on examination.

Medical scams are particularly nasty because they usually increase health and emotional stress, are costly, and can be dangerous if they prevent you from seeking expert medical advice.



I've done it !!!

MIRACLE
CURE
CREAM





How to protect yourself	
 Say 'No' or hold off	<p>'No, this sounds too good to be true. I will check with a health professional first.'</p>
 Look further	<p>Always refuse to commit to anything under pressure, even if it's your own emotional pressure. Do your homework.</p> <p>Seek professional advice.</p> <p>Check that there is a valid and genuine money-back guarantee.</p>
 Question	<p>Ask for published medical and research papers.</p> <p>Ask your doctor whether the product is safe and suitable for you.</p>
 Decide	<p>If you have checked that the company and the offer are genuine, then you might decide to try the product or service. It might be possible to try a small sample before agreeing to a full treatment.</p>



Weight-loss scams

Weight-loss scams thrive because people look for, and expect to find, easy solutions to their problems, and a better body with little effort.

What to look for

It's likely to be a scam if it

lacks scientific evidence or demonstrated links between the result and the effects of the program, food, supplement, gadget or process being promoted

is sold outside normal commercial distribution channels such as through the Internet, by unqualified individuals or mail order advertisements

claims effortless, large or fast weight loss such as 'lose 30 kilos in 30 days', 'lose weight while you sleep', 'lose weight and keep it off for good'

claims to achieve weight loss without exercise, or without managing food or energy intake

fails to recommend medical supervision, particularly for low-calorie diets

claims to reduce fat or 'cellulite' in specific areas

uses emotive terms such as 'miraculous exclusive breakthrough'

recommends the exclusive use of any type of gadget

claims to be a treatment for a wide range of ailments and nutritional deficiencies

promotes a particular ingredient, compound or food as the key factor of success

demands large advance payments or long-term contracts.

If weight-loss was easy, everyone would be in good shape.



How it's done

Weight-conscious people are always looking for an easy way to control their weight. Scammers know that, and promote new diets and new weight-loss products to make easy money.

Often attractive people or celebrities are used to sell products. These may be people with a different body shape and metabolism to you and who may use the product in conjunction with an exercise regime and strict diet.

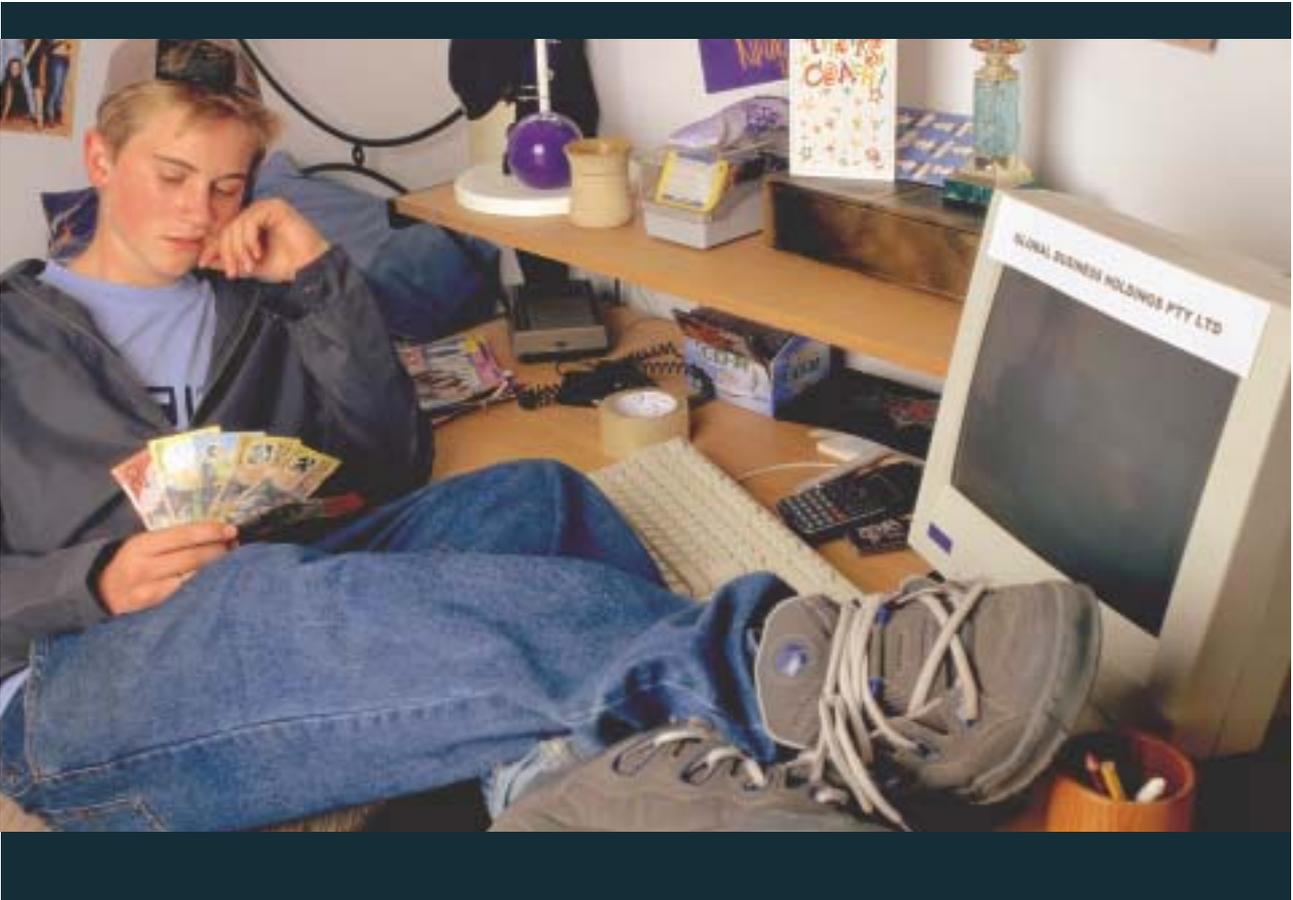
However, fad diets and products produce temporary weight-loss at best and are too dangerous for long-term use. This type of weight-loss nearly always triggers the body to go back to its previous size. Unless a dieter develops and maintains better eating and physical activity habits, weight lost (often water or muscle rather than fat) will soon return.

How to protect yourself

 Say 'No' or hold off	<p>'No, I will not waste my money on your plan. I know that the only way to lose weight is to burn off more energy than I consume, so I choose to eat appropriately and to increase my physical activity.'</p> <p>'No, this sounds too good to be true. I will check with my doctor first.'</p>
 Look further	<p>A healthy body requires a tailored program which balances diet and physical activity to suit your individual body type. Remember, everyone has a different body shape and there are no special products that will help you achieve celebrity fitness.</p>
 Question	<p>Do not blindly accept the claims of a celebrity, an unqualified friend, or even a fitness professional if they profit from supplying diet products.</p> <p>Before you decide on an exercise or diet program of any kind, you should check with your doctor.</p>
 Decide	<p>Remember that to achieve a new body you will require new attitudes and life habits, and often professional assistance.</p>



“A split-second mouse-click can cost you hundreds of dollars, and endless hours of strife.”





Internet Scams



Spam

Many scammers use the Internet to promote fraud through uninvited email, known as spam. Spam can promote scams (covered in other chapters in this book) such as pyramid schemes, ramping and unexpected promotions. Some spam will promote scams which are specific to Internet users such as modem-jacking and online auctions.

You can protect yourself from Internet scams by taking some simple steps.

What to look for

Any email you receive which

does not have an originator whom you know or who is clearly identifiable

is not specifically addressed to you

promises you some unrequested benefit

is likely to be spam.

How it's done

Scammers have access to lists of tens of thousands of email addresses. They send fraudulent emails to all addresses on those lists and can cover millions of Internet subscribers very quickly.

It doesn't matter to them that they might only get a handful of replies from the millions of emails they sent. A handful of victims at no cost is still a good deal to them.

Spam is also often used to transmit viruses – that represents an added threat and therefore demands more vigilance.



How to protect yourself

NO
Say 'No'
or hold off

'No, I don't open email from people I don't know'
There's no need to look further, question or decide - if it's spam - delete it! And make sure you delete it from your in-box and from your deleted items folder!





Modem-jacking

Modem-jacking changes the Internet access and Internet Service Provider (ISP) of victims without them being aware of it. They are then reconnected – without their knowledge – to a new provider often charging literally hundreds of dollars per hour.

What to look for

If a Web site

encourages you to use an alternative payment method involving the installation of a piece of software

enables your modem to re-dial on the Internet

offers to bill you through your telephone or telecommunications company

then you are likely to be scammed through modem-jacking.

How it's done

Modem-jacking, also known as dumping, occurs when consumers make payments on the Internet. Rather than using credit cards, they can choose an alternative payment method. When they click to agree to the offer, a file downloads to their computer to disconnect the modem and reconnect it through a new number where they are charged hundreds of dollars per hour.

The scams are generally operated from pornographic sites where people prefer not to give personal details. So the scammers offer discreet billing to be included in the user's telephone bill, through alternative Internet access. There's the catch! Victims agree to this attractive solution without checking the contract conditions which often advise them about the charges. In most cases, the contracts are legally correct and binding, and victims discover too late that they have to pay the inflated charges listed on their next telephone bill.



It's a scam, but the scammers are generally within the law! In Australia, only two cases out of the hundreds of complaints have actually been illegal. Often scammers disclose the billing in small print knowing that people will overlook it. It pays to make sure you understand the terms and conditions before clicking 'I agree' to anything on the Internet.

How to protect yourself	
 Say 'No' or hold off	<p>'No, I don't agree to be ripped off.'</p>
 Look further	<p>Read the contract in full.</p> <p>Read all the disclaimers when you download from automatic prompts.</p> <p>Read the small print before agreeing to any contract, especially on the Internet, where a split-second click of the mouse can commit you to handing over big bucks. If you don't want to read all the disclosures, then don't give your consent - or else be prepared to suffer the consequences!</p> <p>Read the pop-up windows which should appear when you download files from the Internet. The pop-up window should list redirection and charge rates.</p>
 Question	<p>Ask questions about any part of the contract you don't understand. Get the answers in writing.</p>
 Decide	<p>Consider barring all 1900 numbers. Contact your telecommunications provider.</p> <p>Tell all those who use your ISP account how to protect themselves from modem-jacking.</p> <p>Only agree to contracts you understand.</p>



Online auctions

Internet auction sites are a fertile breeding ground for e-con artists. Most of the scams occur overseas with the FBI estimating that of the 500 million Internet auctions held in 2000, 5 million of them were scams. That's one in every hundred auctions!

What to look for

If an auction seller

refuses to give you their full contact details

asks for cash only

is unable to show you a photo of the item or provide details of the item's condition

is selling items that seem rare at prices too good to be true

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then you are probably dealing with a scam artist.

How it's done

Auction scammers use legitimate Internet auction sites as a marketplace to fleece people of their money. Auction sites allow anybody to sell anything, anywhere, at any time. Because of this, scammers can easily set up fake identities and flog their wares all over the world.

Most Internet auction scams involve phoney or non-existent goods that are either sold at low prices or inflated through "dummy bidding" where



Bidding for things online that YOU haven't seen, from people you haven't met, who live in countries you haven't visited, is probably one of the riskiest things you can do.





the price is driven up by the scammer posing as other buyers. And there's no limit to what some of these scammers try to get away with. In one case, the remnants of the MIR space station were advertised on an auction site, minutes after MIR crashed into the ocean!

Scammers especially prey on collectors who are eagerly looking for rare articles to add to their collection.

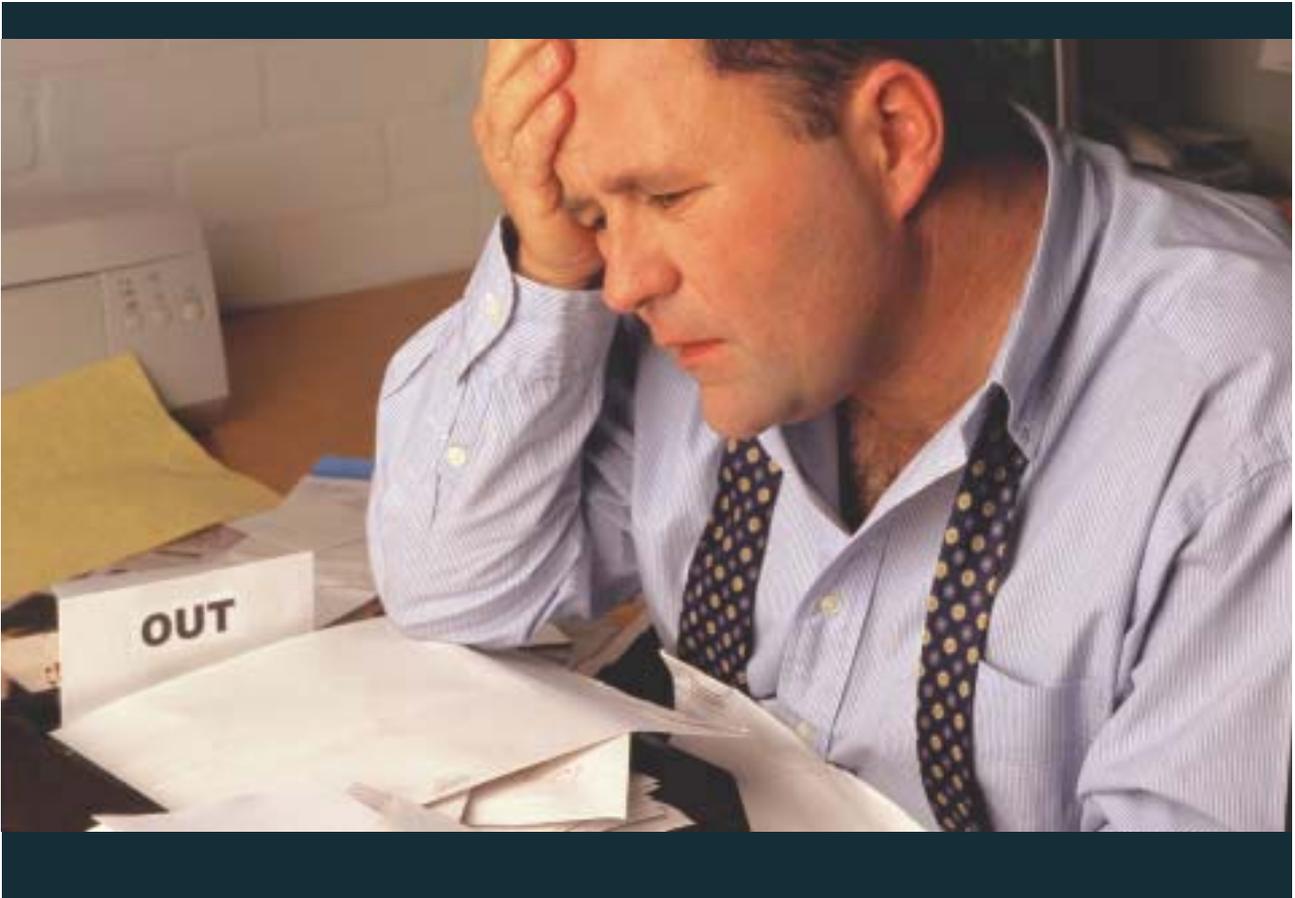
Unfortunately, people forget that they are often dealing with a private individual and not a company when they buy from an Internet auction site. While many sites offer safeguards such as escrow (where money is held until the sale is finalised), at the end of the day, it usually comes down to two strangers agreeing on a deal.

How to protect yourself

 Say 'No' or hold off	<p>'No, buying from you without better information is too risky.'</p> <p>'No, I don't believe that you have what you say you have, or that you are even using your proper name.'</p>
 Look further	<p>Make sure that you understand the rules of the auction site.</p> <p>Shop around to find the value of the goods, then set a limit on how much you are prepared to bid.</p> <p>Consider using an escrow service where your money is held until you are satisfied that you have received what you paid for.</p>
 Question	<p>Ask for photos that show the condition of the goods.</p> <p>Ask for any other proof that what they offer exists.</p>
 Decide	<p>If you decide to buy, make sure you get the seller's name, street address, email address and phone number before paying.</p>



“Buying into a self-employment scheme to make money is no guarantee that you will.”





Self-employment Scams



Self-employment Scams

Scammers are using the Internet, newspaper advertisements, seminars, mail and direct approach to lure people into self-employment schemes which end up costing them money instead of making them money. When you need money, scammers always have the advantage over you.

What to look for

If the proposal

claims you can make large amounts of money quickly and with little effort

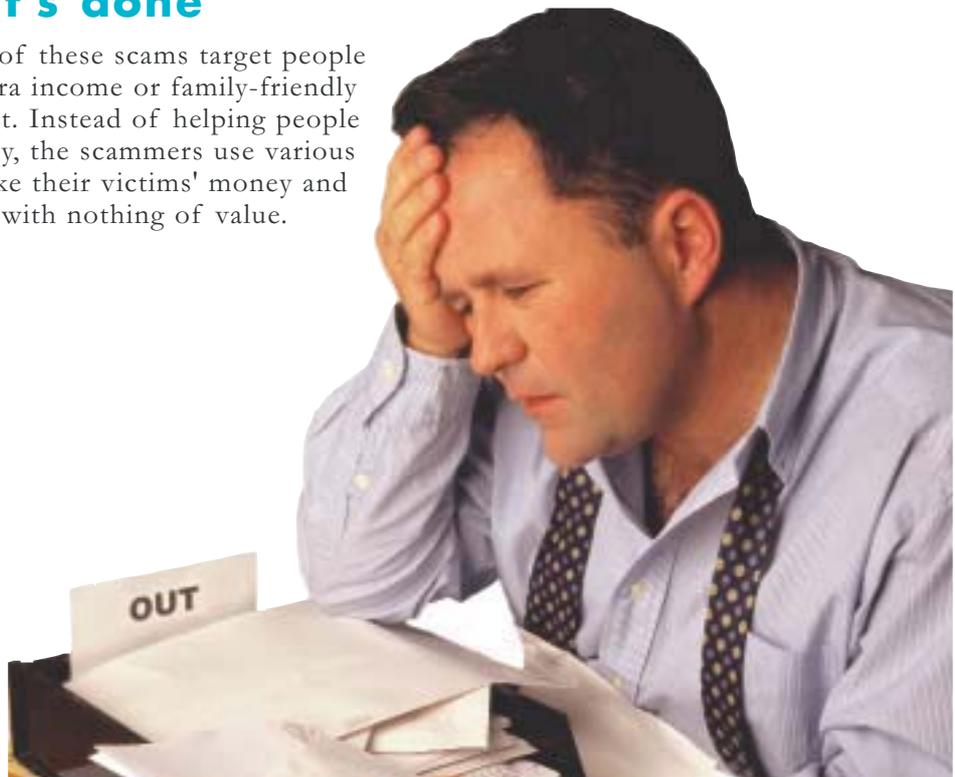
asks you to work from home (often using your computer)

requires payment for 'registration' or for more informational material

then you could be targeted by a scam.

How it's done

Promoters of these scams target people seeking extra income or family-friendly employment. Instead of helping people make money, the scammers use various tricks to take their victims' money and leave them with nothing of value.





Some schemes sell information of no value, some pretend to provide skills which turn out to be unmarketable, and others are, in effect, pyramid schemes which rely on recruiting or luring others into joining. Other schemes underpay for the work which they offer.

"It's perfectly legal." Really? If the promoters feel the need to say that, it probably isn't. If the scheme doesn't feel or look legal, it's because it is either illegal, or so close to borderline it's too dangerous anyway!

How to protect yourself	
 Say 'No' or hold off	<p>'No, this offer doesn't sound right and seems too good to be true. I will seek professional advice first.'</p>
 Look further	<p>Check with the appropriate authorities. Your local chamber of commerce, the ACCC and the relevant consumer protection agency can help you determine whether the offer is legitimate.</p> <p>Check whether there are special legal requirements such as licences, or other constraints on working from home.</p> <p>Find out if there is a market for the work you plan to do.</p>
 Question	<p>Ask for all the details in writing before you pay or sign anything.</p> <p>Ask whether they have refund, buy-back or cancellation policies.</p> <p>Ask for references of other people who have been doing the work.</p>
 Decide	<p>Make your decision, but recognise that not many people make easy money from working at home.</p>

Why do people get caught up in scams?

Scammers attempt to influence you in many ways. The following psychological triggers are often used to get an automatic response from you without you realising it. Watch out for them next time you're approached, or even the next time someone asks you for a favour.

Reciprocation

Scammers give you something, such as a 'free' gift or assistance, to get something in return, such as your agreement later on. You are caught up feeling obliged to do something. Protect yourself from those sentiments by recognising the gifts and favours as nothing more than devices to influence you to return the favour.

To get you to agree to what you don't want, scammers may make one outlandish offer, which they know you will reject, so that later they can make one which will not appear so bad in comparison.

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Okay, you told me you can't do \$5,000, after I'd already lined up the contract for you. So I've asked my manager for a favour and he authorised me to accept \$2,000, although we don't normally do that. How do you want to do it, credit card or direct transfer?

! Hold on, \$2,000 is still out of the question.

Recall commitment

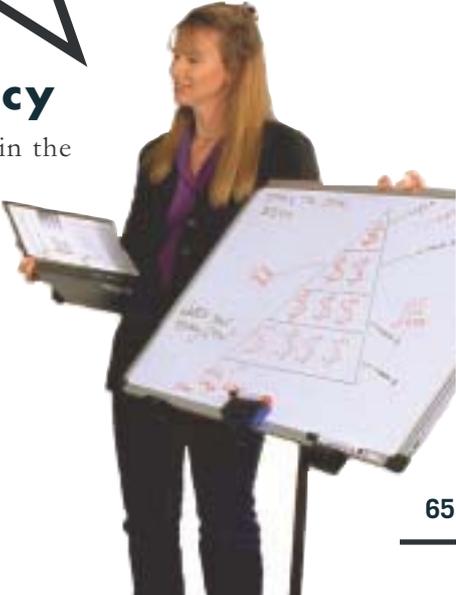
You did tell me that you wanted to make money, right? And you can see that this proposal can make you money, can't you? So let's get the first instalment organised so that you can get your money.

New proposition

Got you!

Commitment and consistency

Someone will get you to commit to something early in the piece, and later recall that initial agreement to get you to agree to something further. This ploy can make you feel ill at ease. To protect yourself, you should treat each commitment separately and ask yourself whether, under the circumstances, you would make the same choice as you did earlier. Your instinctive gut-feeling will provide the answer.



Social proof

"Everybody does it, so it must be right" pretty well sums it up. The other person will refer to what the majority does to get you to agree. Objectively check the facts, your experience and judgement.



That's not proof of anything other than saturation cover.

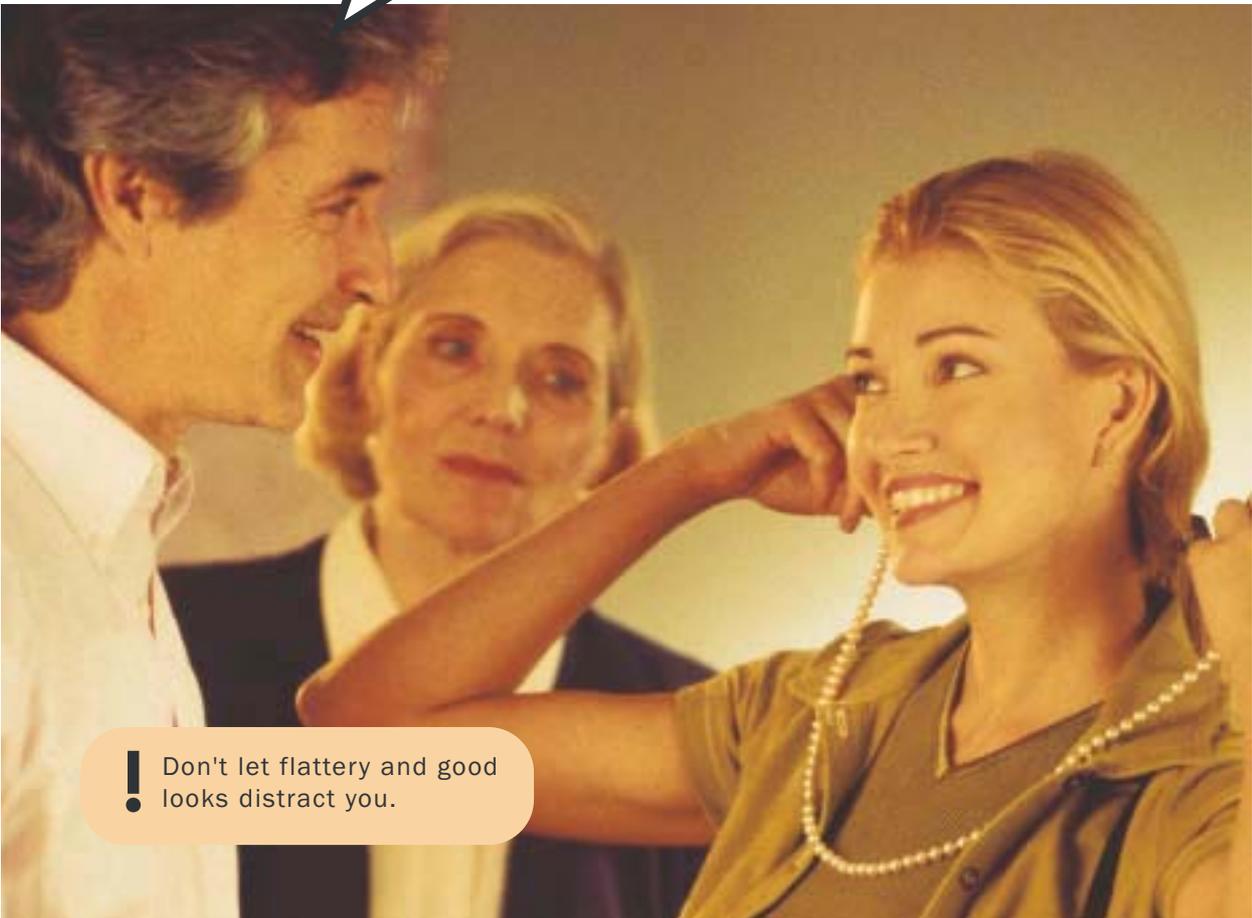
In your street alone, four out of five houses are using our service. All these people can't be wrong can they?

Liking

Good looks, similar interests or background, humour and other attractive characteristics are standard tools for the con-artist as well as for honest people who want to generate good rapport with you. If you like someone, you're more likely to go along with what they are suggesting. Your defence is to separate the issue on offer from the person offering it or associated with it.

The minute I saw you I knew that you, in particular, had to have this necklace. It's a rare beauty and worn by all the stars. Don't deny yourself this one.

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! Don't let flattery and good looks distract you.

Authority

Authority, in or out of uniform, will cause an automatic response in almost everyone. [When is the last time you asked a police officer for identification before complying with their directions?] We appeal to and use authority all the time to justify or support our position. Scammers do it deliberately to hoodwink you into agreement. Your protection here is to ask whether the authority is relevant to the context.

This new internationally-based investment fund will return well over 20 per cent annually. You see, it's managed by Harvard graduates working for some of the world's top banks.

! So? That's no guarantee of a 20 per cent return!

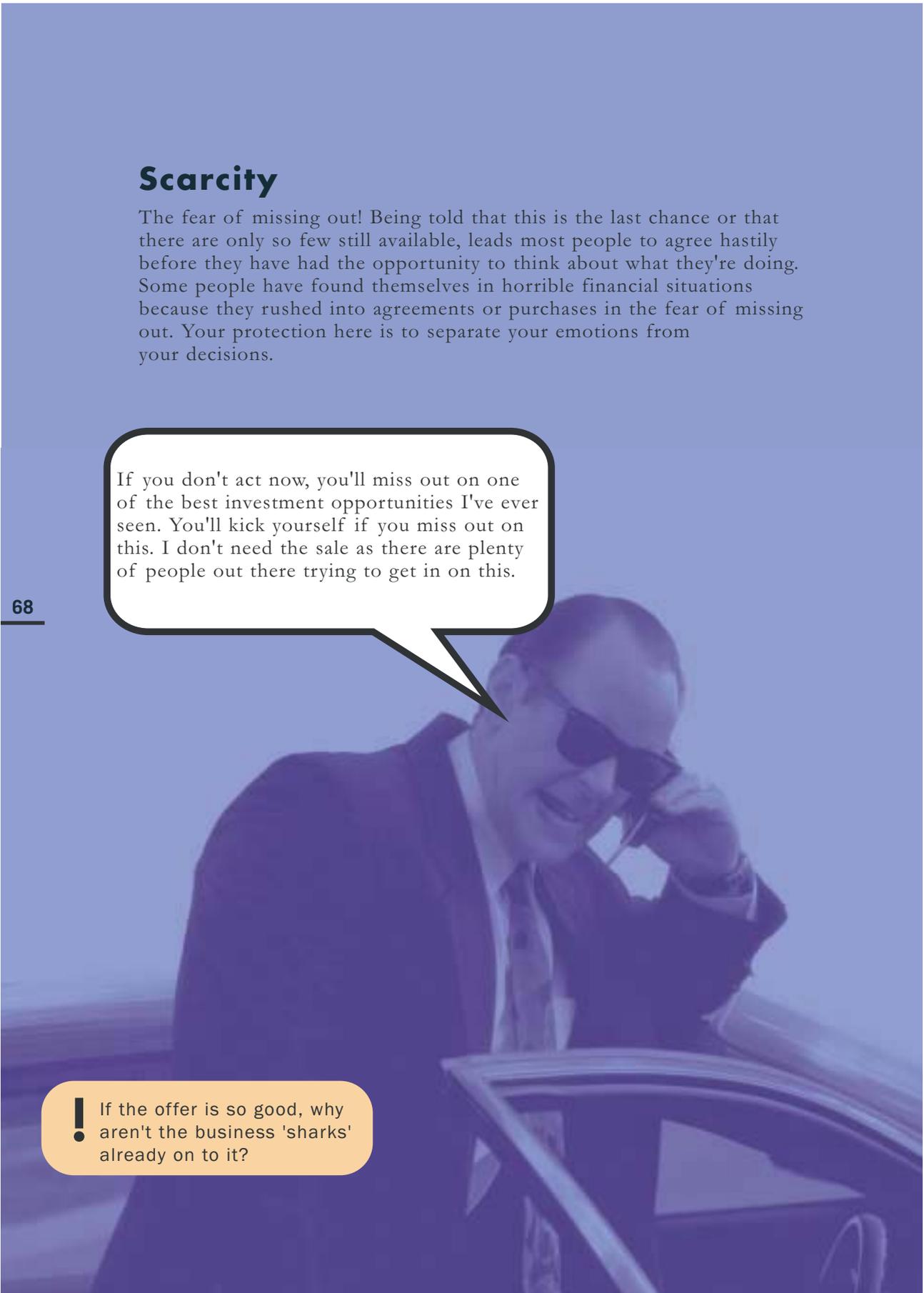
Scarcity

The fear of missing out! Being told that this is the last chance or that there are only so few still available, leads most people to agree hastily before they have had the opportunity to think about what they're doing. Some people have found themselves in horrible financial situations because they rushed into agreements or purchases in the fear of missing out. Your protection here is to separate your emotions from your decisions.

If you don't act now, you'll miss out on one of the best investment opportunities I've ever seen. You'll kick yourself if you miss out on this. I don't need the sale as there are plenty of people out there trying to get in on this.

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! If the offer is so good, why aren't the business 'sharks' already on to it?



When we're up against these influence strategies, getting caught up in a scam is not necessarily a reflection of our gullibility or poor judgement. It just shows how good the scammers are at manipulating us.

Don't be clouded by influence triggers. Recognise them for what they are, and keep a clear head when making decisions.

You are not alone

You've had a glimpse at some of the more common scams in Australia. That's only a small sample of the hundreds of scams which hit people every week. You might well come across more examples this week.

If you've ever been scammed, it's small comfort to know that you're not alone.

But it need not happen again. You can take action to protect yourself. You can call on others to help you. You can report scams and scam-like behaviour, and help reduce the incidence of scams.

The tools to help you combat scams are all within this book.

Scammers will of course try new scams, but we all have the power to make it harder for them to play us for fools and to rip us off.

Your contacts for help

For scams based in your State or Territory, contact your relevant consumer protection agency

NSW
13 32 20
www.fairtrading.nsw.gov.au

QLD
(07) 3246 1500
www.consumer.qld.gov.au

SA
(08) 8204 9777
www.ocba.sa.gov.au/scams.htm

ACT
(02) 6207 0400
www.fairtrading.act.gov.au

VIC
(03) 96276000
www.consumer.vic.gov.au

WA
1300 30 40 54
www.docep.wa.gov.au

TAS
1300 654 499
www.justice.tas.gov.au/ca

NT
(08) 8999 1999
www.nt.gov.au/dib/caft

**For scams based out of your State, or even overseas,
contact your National Consumer Protection Authorities**

ACCC
02 6243 1111
www.accc.gov.au

ASIC
1300 300 630
www.fido.asic.gov.au

Online resources

www.scamwatch.gov.au
www.consumersonline.gov.au

