

Consumer Fraud Awareness

Department of Law

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Denver, CO 80203
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Consumer Hotline: 800-222-4444
www.coloradoattorneygeneral.gov
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Brought to you by Colorado Attorney General John Suthers

Scammers use a wide variety of techniques in attempt to defraud Colorado consumers of their hard earned income. Colorado consumers are approached by these scammers in a myriad of ways and unprepared consumers can be easily victimized by these criminals. The aftermath of fraud can leave devastating effects for years to come, including inoperable products, fraudulent billing issues, a stolen identity, and damaged credit ratings. In severe cases consumers may also be faced with enormous financial hardships that include bankruptcy or loss of one's home and other assets.

Highlights

- * AARP ElderWatch - 10 Year Anniversary Celebration
- * Cashier's Check Scam
- * Consumer Resources

Understanding fraud and the tactics used by criminals can help minimize and prevent consumers from being victimized by these criminals. With the information contained in this newsletter, along with the numerous other resources available, we hope consumers continue taking the initiative to educate and protect themselves and their families against the unscrupulous behaviors of these fraudsters, as well as continuing to report such activities.

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AARP ElderWatch 10 Year Anniversary

Just last month, AARP ElderWatch celebrated 10 years of work in preventing senior fraud and educating seniors on the dangers of consumer fraud, identity theft, and other scams.

Attorney General John Suthers stated, "There is no denying that AARP ElderWatch has had a tremendous effect on seniors in Colorado. From educating them about common scams to fielding seniors' calls about issues they face, ElderWatch has been an extraordinarily effective program. It has been one of the most resounding successes of this office. We look forward to continuing to work with AARP ElderWatch for decades to come."

Colorado Attorney General Ken Salazar partnered with the AARP Foundation to form the ElderWatch program in September 2001. Over the past decade, AARP ElderWatch has:

- Provided one-on-one assistance to help nearly 8,000 seniors with their consumer issues;

- Given presentations on how to protect themselves from scams to roughly 80,000 Coloradans;
- Organized shredding events that have protected nearly 9,000 seniors from identity theft; and,
- Contacted and educated roughly 250,000 Colorado seniors about consumer fraud using an outbound, reverse-boiler-room call center.

Amy Nofziger, AARP ElderWatch Director said, "Through the generous support of the Attorney General's Office, AARP ElderWatch has helped thousands of seniors and their families learn how to recognize, refuse and report fraud. This project has shown strong outcomes in older adults learning how to protect themselves from fraud."

To learn more about AARP ElderWatch, or to learn about its work in Colorado, visit www.aarpelderwatch.org



"As a native Coloradan and attorney with more than three decades of experience in the public and private sectors, I am dedicated to helping keep Colorado a great place to live."



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If you believe you have been defrauded through the sale of counterfeit or pirated products, you can file a complaint with [the National Intellectual Property Rights Coordination Center](#) as well as [the Coalition Against Counterfeiting and Piracy](#).

If you believe you have been defrauded from a “free trial” offer, you may file a formal complaint with the Colorado Attorney General at: www.coloradoattorneygeneral.gov



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Internet Fraud - Counterfeit Products

With the holidays quickly approaching and the explosion of Internet retailers, consumers often seek the Internet for great deals on products and services. Among all the legitimate products available, it is also not uncommon for deal seeking consumers to encounter counterfeit or pirated goods.

From pharmaceutical to designer purses and jewelry products to movies and music, counterfeit and pirated goods can take many forms:

Clothing and accessories — Consumers often seek out deals on designer products such as purses, shoes, and jewelry. While searching online consumers can take several steps to ensure what they are paying for is a genuine product and not a counterfeit or pirated item.

Manufacturers list authorized retailers of their products. Manufacturers can be a great resource for consumers who want to make sure the product they are paying for is, in fact, a genuine product and not a counterfeit or imitation model.

The Internet is full of enticing offers for free products and services, such as free credit reports, free teeth whitening products, free Acai Berry vitamins, free health and beauty products, among many others. To entice consumers, many of these so-called free offers are directly on the landing pages for many Internet sites and have the word “free” prominently displayed.

But the small print on the bottom of the page or hidden

Consumers should also avoid online sales where they are unable to closely inspect the product they are buying. Attention to detail often will enable consumers to tell the difference between a genuine product and a fake.

Legitimate online retailers incorporate security encryptions into customer transactions. Consumers should always think twice before transmitting personal information, including credit card and bank account numbers over any web site, especially those that do not encrypt its connections. You can easily discern whether a retailer is encrypting a transaction by looking for a padlock icon on your web browser or by contacting the retailer.

Music and Movies — Pirated music and films are widely available on the Internet. Consumers should always bear in mind that any deal that seems too good to be true, such as unlimited downloads, DVDs, CDs, or digital media files, most likely are deceptive.

“Free” Trial Offers

within a long contract usually contain hidden costs. It may take two or three readings of the small print before you realize that you will be charged for the “free” product unless you return it promptly.

In addition to the small print, the process of returning the “free” product can be difficult. The company may make it difficult for you to obtain the “restocking” number required to return the product, or they may make it confusing as to

Consumers should also steer clear of web sites that offer music or movies before their official release dates.

Tickets — Consumers should beware of offers for tickets to sporting, music, or other entertainment events where valuable seats, such as those on the 50-yard line or next to the stage of a concert, are priced well below current, market value.

Many ticket retailers have legitimate sites where consumers can buy tickets from other ticket holders without the fear of purchasing illegitimate tickets.

Medication — High drug prices can often push consumers to search for prescription drugs or other supplements online. Consumers should beware of any drug offers from unlicensed pharmacies or from overseas. These products often are not what consumers think they are and can have dangerous additives or other substances in them.

Consumers who believe they have received or purchased counterfeit prescription drugs should contact local law enforcement immediately.

where to return the product. Some trial offers count the time required for shipping and may leave you with only a day or two to try the product. The “free” trial period may end much faster than you anticipated.

“Free” doesn’t always mean free, especially when used in advertising on the Internet. Be extremely suspect of any trial offer that doesn’t clearly state the terms and conditions of the offer.

Charitable Fraud

From the local food bank to international charities, Coloradoans have generously contributed to reputable charitable organizations around the state and throughout the world. Whether the donations include food, clothing, shelter, or monetary gifts, consumers should always check out any charity soliciting donations, as scam artists are quite adept at exploiting emotional causes and natural disasters such as; earthquakes, wildfires, tornadoes, tsunamis, etc.

Coloradans can take several simple steps to make sure their charitable contributions are helping disaster victims and not lining the pockets of scam artists:

- Visit the www.checkthecharity.com or the Colorado Secretary of State's web site, www.sos.state.co.us, to make sure a charity is registered with the state.
- Ask for the solicitor's registration number and the registration number of the charity he or she is representing.
- Ask your tax advisor or the IRS if your donation will be tax deductible. The fact that a charity has a tax identification number does not necessarily mean your contribution is tax-deductible.
- Ask the solicitor how much of the donation will go to the charity. Be wary if the charity does not want to provide information about its programs and finances. Reputable charities will gladly provide the information requested.
- Watch out for charities with names that sound similar to well-known organizations. Sometimes these sound-alike names are simply intended to confuse donors.
- Do not pay in cash. Donate with a check made payable to the charity.
- If solicited in person, ask to see identification for both the solicitor and the charity.
- Beware of unsolicited e-mail. There have been numerous reports of e-mail that purport to be solicitations from well known charities, such as the Red Cross or the United Way. The e-mails have links embedded in them that will take you to a fake charity website.
- Further, such unsolicited e-mail may spread computer viruses. Do not respond to any e-mail soliciting donations from any organization. Instead, go directly to the organization's web site or call the charity directly to make donations.
- Seniors can contact AARP ElderWatch via the Colorado Consumer Line, 1-800-222-4444, for more information on charity fraud.

Telemarketing Fraud

Deceptive telemarketing schemes are one of the most widely used mediums to defraud consumers across the nation. Scammers will call and say just about anything in an attempt to get access to your personal and financial information, such as:

- Representing themselves as a business or charity
- Wanting to lower your loan or credit card interest rates;
- Informing you that you are a winner in a lottery of which you never participated;
- Asking you to provide financial help for your

grandchild who is supposedly in jail; and,

- Threatening you with prosecution and jail time for a non-existent debt.

In most cases, the scammer requests you send in payment for taxes, servicing fees, bail, etc., through a money transfer service such as Western Union or Money Gram. Funds sent via these types of money transmittal services are virtually untraceable and, in most cases, irretrievable.

You should always be wary of any unknown caller, especially those wanting your personal and financial informa-

tion, and remember not to put yourself in a position where you can be tempted by a scammer's polished pitch.

If you receive a fraudulent or unwanted call, you should:

- Hang up the telephone;
- Never provide personal and financial information such as social security numbers or bank account numbers; and,
- Never verbally agree to the callers sales pitch and always get verbal promises in writing before making any decision

Remember, there is no substitute for saying, NO!



Visit:

www.checkthecharity.com or the Colorado Secretary of State's (SOS) web site at: www.sos.state.co.us, to make sure a charity is registered with the state.

If you receive a fraudulent or unwanted call, immediately report the call to [Colorado No-Call](http://ColoradoNo-Call.com) and the [Federal Trade Commission \(FTC\)](http://FederalTradeCommission.com)



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Cashier's Check Scams

More and more consumers are falling victim to a variety of scams that involve the use of forged or fraudulent cashier's checks. Fake cashier's checks may appear to be authentic, including the name of a legitimate U.S. bank, issued from what appears to be a legitimate business, and may even contain the routing codes that appear at the bottom of the check.

So how does the typical cashier's check scam work? A seller advertises a valuable item over the Internet. A so-called "buyer," often from a foreign country, then contacts the seller about purchasing the item, and states he plans to use a cashier's check for the purchase.

The buyer then informs the seller he mistakenly sent too large of a check, or he will be sending a check for more than the purchase price. In either event, the seller is instructed to immediately deposit the bogus check in their bank account and then wire the balance of the check back to the buyer.

Once the fraudulent check is deposited and the overpayment monies are wired, the consumer

then receives notification from their bank, typically within 3 to 10 business days, that the check deposit was a fraud. The consumer is then left liable for the full amount of the fraud.

Under federal banking law, banks are required to make the first \$5,000 dollars of a cashier's check available to the consumer the next business day after the deposit, even though it may take the bank several days to verify the legitimacy of the check.

Therefore, the unwary seller is able to withdraw the overpayment before the check winds its way back to the bank, where it was supposedly issued. Of course, after wiring the money back to the buyer, the scam artist is nowhere to be found.

Unfortunately for the consumer, the consumer is responsible for the counterfeit funds. Under Colorado law, a consumer who deposits a check into their bank account makes certain warranties to the bank, regarding the authenticity of that check. If the check is ultimately dishonored and unpaid, the seller becomes obligated to pay the amount due

on the check, as the bank has no responsibility to honor the check. In most fraud cases, the bank may close the consumer's bank account and cease to continue the business relationship.

Here are some basic tips to follow whenever you are offered a cashier's check:

- Never accept a cashier's check for an amount greater than the purchase price. Call the bank that issued the cashier's check when you receive it.
- Do not rely on the phone number that the buyer gives you. Locate the bank's number from a reliable source, such as a phone book.
- When calling a bank, verify the following: the check number, the name of the person to whom the check was issued, and the amount of the check.
- Be sure to wait until you can verify the authenticity of the check prior to

Cramming

"Cramming" is the practice of placing unauthorized, misleading, or deceptive charges on your traditional telephone bill. These unauthorized charges typically show up on your bill for small amounts and can vary from month-to-month.

According to the [Federal Communications Commission \(FCC\)](#), if a local telephone company, long distance company, or another type of service provider either accidentally or

intentionally places unauthorized, misleading, or deceptive charges on your bill, you may have been crammed.

Cramming comes in many forms and is often hard to detect unless you closely review your telephone bill. According to the [Federal Trade Commission](#), consumers should *keep an eye out for generic-sounding services and fees like Min. Use Fee, Activation, Member Fee, Voice Mail, or Web Hosting;*

they may be services you haven't ordered. Are there calls you didn't make? Charges for Internet services from a company you don't know? Area codes you've never heard of, like 011 or 500?

The charges could be for anything, including: long distance service, subscriptions, access to restricted web sites, entertainment services, collect calls, and club memberships.



Never accept a cashier's check for an amount greater than the purchase price and always call the bank that issued the cashier's check to verify funds prior to depositing the item in your financial institution.

If you have encountered fraudulent charges on your phone bill, please file a formal complaint with the Federal Trade Commission at: www.ftc.gov or the Federal Communications at: www.fcc.gov.



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Consumer Resources

Colorado Attorney General

1525 Sherman Street
Denver, CO 80203
www.coloradoattorneygeneral.gov

Consumer Protection Line:

Toll Free: 800-222-4444
Metro Denver: 303-222-4444
www.coloradoattorneygeneral.gov/cp

Collection Agency Issues

Colorado Collection Agency Board
303-866-5304
www.coloradoattorneygeneral.gov/cp

Fraudulent or Unwanted Calls

Colorado No-Call
Local: 303-776-2675
Toll Free: 800-306-7041
www.coloradonocall.com

Uniform Consumer Credit Code

303-866-4494
www.coloradoattorneygeneral.gov/cp

AARP ElderWatch

Toll Free: 800-222-4444
Metro Denver: 303-222-4444
www.aarpelderwatch.org

Better Business Bureau

www.bbb.org
Denver/Boulder
303-758-2100
Northern Colorado
970-484-1348
Southern Colorado
719-636-1155
Western Colorado
505-346-0110

Citizens Advocate Office

127 State Capitol
Denver, CO 80203
Toll Free: 800-283-7215
Main Office: 303-866-2885
www.colorado.gov

Colorado Foreclosure Helpline

1-877-601-HOPE (4673)
www.coloradoforeclosurehotline.org

Colorado Coalition for Elder Rights and Adult Protection (CERAP)

c/o CO Non-profit Development Center
1-800-773-1366 (message phone and FAX) www.ccerap.org

Federal Bureau of Investigation

(FBI) - 303-629-7171
8000 East 36th Ave
Denver, CO 80238
www.fbi.gov

Federal Trade Commission (FTC)

Toll Free: 877-382-4357
<http://www.ftc.gov/>

Identity Theft

Colorado Bureau of Investigations (CBI):
Identity Theft Hotline: 855-443-3489
www.cbi.state.co.us

Legal Resources

Colorado Bar Association
Toll Free: 800-332-6736 (in Colorado)
Local: 303-860-1115
www.cobar.org

Can't find what you're looking for? Please view the Colorado Attorney General Consumer Resource Guide for additional tools and resources at:

www.coloradoattorneygeneral.gov



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Not on the registration list? Visit us on the Web to ensure receipt of future correspondence at:
www.coloradoattorneygeneral.gov/fraudawareness

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