



Introduction: The Once, and Future Scam

'Hello, this is Jim from the ABC Bank. We have had trouble with the bank's computer systems, so to protect your funds we are going transfer all your money to a special bond account. In order to transfer the money I will need to get your bank account details and a verbal authorisation to transfer the funds...'

Or what if *this* warm, friendly voice happened to telephone you to say,

'Hello this is Bonnie from Smartercard. In order to make your credit card compliant with our new system we are going to send all our customers a sticker that you will need to affix to your card. So can I just have your credit card number for verification?' If you put the phone down fast, you might just have saved yourself from being caught in a scam.

The best defence against scam operators is knowledge and caution.

According to the Australian Oxford Dictionary a 'scam' is 'a fraudulent trick' or 'a swindle'. Swindlers or con artists are smart, friendly, persuasive and aggressive. They look for an easy opportunity to take your money. The greater the opportunity you offer and the easier you make it, the more you increase your chances of falling for a scam.

People may be tricked in hundreds of ways, including pyramid schemes, bogus investments or lotteries, by using unlicensed or unqualified tradespeople, becoming tangled in an Internet web of deceit or simply buying goods and services without understanding their consumer rights and responsibilities.

Scam operators are persistent and mobile. It's not unusual for an scam operation to be closed down in one state and to pop up under a new name somewhere else. The *Little Black Book of Scams* will help you to be prepared and reduce the possibility of you becoming the victim of these villains.

Pyramid Schemes - They Might Collapse On You!

If you are looking for a safe investment or some extra money, be aware that pyramid schemes are not the way to go. Some of these get-rich-quick schemes use the mail to get a message across, while others adopt different means, like the Internet. Pyramid schemes don't sell products - they sell false promises. Examples of pyramid schemes may include chain letters, mailing lists and moneymaking clubs. They're usually illegal but are often advertised through newspapers, the Internet and 'investment' seminars or you might hear about them through a relative or friend. Every pyramid scheme depends on an endless supply of new members.

In a typical pyramid scheme a potential member is asked to pay to join the scheme. The only way to advance is to recruit others, who also pay to join. If enough new members join, the pyramid grows, but in order for everyone to profit there must be an endless supply of newcomers. In reality, each new participant has less chance of recruiting others and a greater chance of losing money.

In Australia it is illegal to promote or participate in a pyramid selling scheme. Penalties include fines of up to \$200,000 for a company or \$40,000 for individuals. Remember, if it sounds 'too good to be true' it probably is.

- Avoid plans that offer commissions based solely on recruiting new members.
- Be cautious of plans that claim you'll make money through continued growth or commissions on sales made by your recruited distributors, instead of sales you make yourself.
- Look out for decoy references. Some promoters pay people to describe fictional success in earning money through the plan. Ask for solid evidence rather than a glowing testimonial.
- Don't hand over any money or sign a contract to participate in any multi-level marketing plan until you've investigated it. Check with your State or Territory consumer affairs/fair trading agency or the Australian Competition and Consumer Commission (ACCC).
- Don't agree to anything (or sign anything) at high-pressure meetings or seminars.
- Remember, if no actual goods or services are involved, don't fall for claims such as:
'Your recruits do all the work for you, you just sit back and bank the money.'
'All you need for future wealth is your \$150.00 starter kit.'
'Become part of the world's fastest growing industry,
'Network Marketing.'
'You and your friends can enjoy wealth together.'

FLYING INTO A CRASH?

This pyramid scheme, called the *Concorde* or *Plane Game*, may fly into your town. It usually involves a pyramid of 15 people and a 'plane' with pilot, two co-pilots, crew of four and eight passengers.

The 'pilot' recruits passengers to participate in the scheme. Each passenger pays \$750.00 to 'fly'. The pilot then departs with the \$6,000. The scheme then splits into two and the co-pilots become captains of their own aircraft. It's now their turn to make a fast buck! The catch is there must be a constant supply of victims, the paying passengers. The 'airline' must crash, sooner rather than later.

THE CHAIN LETTER SCAM

You have just received information that can give you financial freedom for the rest of your life. With NO RISK and JUST A LITTLE EFFORT, you can make more money in the next few months than you ever imagined!

I should point out that I will not see a penny of your money, or that of anyone else who participates in this program. I have already made FOUR MILLION DOLLARS! I have retired from the program after sending out over 16,000 letters of invitation to participate in this phenomenon.

Yours faithfully
Edward L Green

This chain letter, purportedly originating from Alaska, with four names and addresses attached, was selling 'business plans'. People were invited to send \$10.00 to each person named and in return received superficial business plans on topics like 'How to make \$100,000 through your mailbox'. Once received, participants placed their name on the top of the list, moving the other names down a notch. The chain letters were photocopied and posted to other people. In theory, money rolled in. This scam tried to circumvent the law by peddling a bogus product, not genuine goods or services.

Internet Offers - A Web Of Deceit?

The Internet is a wonderful tool, but it has revived old scams such as pyramid schemes, unsolicited business or investment offers and chain letters. Just type 'get rich quick' into an Internet search engine and web sites appear guaranteeing huge profits. Investment con artists and other fast-buck operators wasted no time in taking advantage of the mail and telephone to trick large numbers of unsuspecting they've started to exploit cyberspace via the Internet. The Internet makes it even easier for tricksters to hide, shut down or move on. Clever web sites may look legitimate and be more convincing than newspaper advertisements making the same false claims.

With a few keystrokes a Net Nasty reaches hundreds of thousands of people through a single message posted on the Internet. Internet scams may find you via your e-mail address. Just as tricksters used the mail to tout their schemes to unsuspecting people, so do the new super-highway robbers. Treat unsolicited Internet emails with the same caution you would junk mail.

Here's an extract from an e-mail publishing distribution scam that surfaced recently on the Internet:

Would you like to earn \$700 a week... \$2,800 a month just by mailing our business circulars from your home? You can make this kind of money without even giving up your present job. We have created the most risk-free way to do this, and all you have to do is mail out our business circulars and get paid for your work. This exciting new home employment opportunity is so effective - yet so quick and easy that your success is absolutely GUARANTEED!

THE HIGH TECH TOUTS...

A Federal Court in the United States recently froze an Internet scam that sucked in at least \$US8 million, including an unknown amount from over 1500 Australians. More than \$US5 million of that money had been diverted into bank accounts in the Caribbean and Central America. The scheme, Fortuna Alliance, was marketed through a home page on the World Wide Web like this:

'What if you paid \$250 a month which produced a minimum of \$5,250 income each month for you, while you simply watched? Would you want to continue this arrangement while you kept earning \$5,000 a month?'

Over 17,000 people paid between \$250 and \$1,750 to join what turned out to be a worldwide web of deceit. All they received was advice and promotional material on how to set up their own web sites to recruit victims to a pyramid scheme. The US Federal Trade Commission approached the Court to shut it down following complaints from US state governments and the governments of Western Australia, South Australia and Victoria.

PS: The *Fortuna* saga had a happy ending. Under a settlement brokered by the US Federal Trade Commission, Australians caught in this Internet pyramid scheme will receive refunds from money frozen in the US and \$US2.8 million transferred from the Caribbean island of Antigua. But US and Australian authorities emphasised that consumers might not be so lucky next time.

Remember, if it looks 'too good to be true', it probably is.

DON'T BE GULLED - SHARE MARKET HYPE AND CYBER-SCAMS

The Australian Securities and Investments Commission (ASIC) believes Australians are too trusting. ASIC launched a 1999 April Fools Day joke, using a dummy website to offer an

investment opportunity in a Y2k (Year 2000) insurance scam. Within days, ASIC received pledges of millions of dollars for its non-existent scheme. ASIC has launched a 'Gull of the Month' award on its website <http://www.asic.gov.au>, to highlight the latest scams. A recent 'Gull' award went to a telemarket scam that defrauded people, then telephoned them, offering to recover the money - for a fee!

ARM YOURSELF AGAINST INFORMATION SUPER HIGHWAY ROBBERY

What are the road rules for investors who decide to travel down the information superhighway? Perhaps the most important thing to keep in mind is that there will never be enough 'cybercops' to keep the online world free from fraud and abuse. This doesn't mean you should avoid the Internet, it does mean that investors exploring the Web should do so with caution, being mindful of the possibility of scams.

- Make sure that an investment opportunity and the person or company promoting it are properly registered with the Australian Securities and Investments Commission (ASIC).
- Check out the company or individual's track record with your state or territory consumer affairs or fair trading agency or the Australian Securities and Investments Commission.
- Take your time. While there may be time limits for special offers, high-pressure sales tactics are often danger signs of a scam.
- Remember that people in cyber-space are not always what they seem.
- Don't expect to get rich quick, and invest only with those you know and trust.
- Don't assume that your online computer service polices its investment bulletin boards.
- Don't buy thinly traded, little known shares strictly on the basis of online hype.
- Don't give your bank account numbers, credit card numbers or other personal information to anyone you don't know or haven't checked out.
- Don't judge reliability by how professional a web site looks. It's easy and costs very little to create, register, and promote a web site.
- Don't accept unsolicited e-mails. They violate 'netiquette' and are often used by scam artists.

'Big Money Prizes' and Overseas Lotteries

Australians have a reputation for being gamblers, so, knowing that many of us dream of big wins, the scam sharks dream up schemes to trick you. Some of these involve foreign lotteries.

These schemes often offer you access to a winning ticket if you send back a sum of money, usually described as an 'administration' or 'registration' charge, to be eligible. Other schemes pretend to be legitimate lotteries. Examples include lotteries that require you to purchase an overseas plane ticket to receive the prize, lotteries which offer 'genuine, multifaceted diamond jewellery' as bait, dummy syndicates in international lotteries or claims that you have come into an inheritance from a long lost friend or relative. Often there's no prize or any money for you. If you do get anything, it's usually sub-standard, overpriced or falsely represented, e.g. an 'all terrain vehicle' that is an outdoor chair on wheels, or a 'sport fishing boat - an inflatable raft.

Have you received, by mail, an offer from International Monetary Funding? This 'IMF' (note the similarity in name with the international Monetary Fund) claimed that recipients of the letter had won cash prizes in an international campaign conducted to promote world trade. It also claimed that they were eligible for IMF's International Lottery Entitlement Program, with prizes exceeding £352 million. Players had to pay up to \$AUS140 for the privilege of entering.

The IMF was a scam. Those who responded received nothing. Many foreign lotteries are fraudulent but even if genuine, the mark ups on ticket prices make local lotteries, (even

Scratchies!) an infinitely better gamble. The 'diamond' jewellery offered in one such scheme was recently valued by the NSW Department of Fair Trading and found to be a microscopic chip of industrial diamond valued at approximately \$2!

In Australia there are laws against conduct which is false, misleading or deceptive; or

- offering gifts or prizes with the intention of not providing them, or not providing them as offered; or
- stating a price for an entry in a lottery, which is not the full cash price.

Penalties include fines of up to \$200,000 for a company, or \$40,000 for individuals.

To avoid becoming a victim, remember these points:

- Do ask yourself 'How could I win a lottery prize if I haven't bought a ticket?' Usually, if you win something you don't have to pay to receive your prize.
- Do remember, once you sign up with a bogus 'foreign lottery', your name may be placed on other lists for similar scams.
- Do check the details of the 'lottery'. If you doubt that it is a genuine lottery, ring the office of the promoter, if in Australia, and ask for and confirm the address.
- Do remember, if asked to ring a 'free' telephone number, that this may actually cost you money. Numbers such as 1900 are not free and may be another scam.
- Do contact your state or territory consumer affairs/fair trading office or the Australian Competition and Consumer Commission (ACCC) if you think you've come across a dubious foreign lottery scheme.
- Don't give out credit card details unless you're sure you know who you're dealing with. Cheats often ask for them as 'identification'. It's a trick to get access to your credit details.

DON'T GET STUNG!

Overseas Investments: How Safe Is Your Money?

It's estimated that over 100,000 Australians lost their money in fraudulent and illegal investments in the last 10 years. International markets are now more integrated and with international funds, investing abroad is easy. But it's also easy to be tricked into investing in shady schemes.

Con artists are quick to pick up on investment market favourites and create look-alike swindles that mirror 'hot' investments in legitimate markets. Right now they see that investors are paying increasing attention to overseas investment opportunities and a new generation of scams has gone international.

Fake or dodgy investment schemes may be marketed by telephone salespeople armed with high pressure and sophisticated selling techniques. They can just as easily be marketed over the Internet. Some swindlers surround themselves with all kinds of 'professional' accessories to appear legitimate. They may rent an expensive office, have a receptionist, investment counsellors and glossy colour brochures describing the investment in detail.

Older people are prime targets for fake investment schemes since many have saved large amounts of money for retirement. Fraudulent schemes usually require that you invest a lot of money and promise either a large increase in the value of your investment or 'higher-than-market' interest rates.

In Australia there are consumer protection laws covering financial services and investment, superannuation and life insurance products. The Australian Securities and Investments Commission (ASIC) is a financial services watchdog. You can ring ASIC's Infoline (1300 300

630, local call cost from anywhere in Australia) for consumer advice. However if you send your money to overseas promoters instead of going through a licensed Australian advisor or broker, you don't have any protection and there is no guarantee that you will receive what you paid for.

(SCAMS) OUT OF AFRICA

Many of us are drawn to offers promising great returns for very little money, so it's easy to see why the well-known Nigerian Letter Scam has met with some success in Australia. It works like this:

You receive a letter, allegedly written by a 'top officer' of the Nigerian National Petroleum Corporation. Marked 'Strictly confidential', it offers an opportunity to share in a \$38.5 million bonanza...

Dear Sir,

First, I must solicit your strictest confidence in this transaction. This is by virtue of its nature utterly confidential and 'top secret'. You have been recommended by an associate who has assured me in confidence of your ability and reliability to prosecute a transaction of great magnitude involving a pending business transaction requiring maximum confidence.

We are top officers of the Federal Government Contract Review Panel who are interested in the importation of goods into our country with funds presently trapped in Nigeria. We solicit your assistance to enable us to transfer into your account the said trapped funds.

I have been delegated as a matter of trust by my colleagues to look for an overseas partner into whose account we would transfer the sum of \$US21,320,000 (TWENTY ONE MILLION THREE HUNDRED AND TWENTY THOUSAND UNITED STATES DOLLARS)... We have agreed that you will be entitled to 30% of the total sum, 60% for us and 10% will be set aside for any expenses while transacting the business.

The letter explains that Nigerian civil servants are forbidden to operate foreign bank accounts. All that's needed are details of your company's bank account and a few blank pages of letterhead.

Companies and individuals responding to this offer later receive another letter asking for money for a last minute bribe. Australian company directors and even lawyers have reportedly lost significant amounts of cash. And you guessed it - they never hear from their Nigerian business partner again. For more on the Nigerian advance fee fraud, check out the web page of the Australian Institute of Criminology on <http://www.aic.gov.au/media/990709.html>.

INTERNATIONAL SWINDLES - A REALLY'OFFOFF-SHORE INVESTMENT

ASIC has reported representatives from the Netherlands phoning Australians offering shares in PGS Pharmaceuticals Group Inc. - a Florida-based company which tests and distributes a new dental treatment (chlorzoin therapy).

An Adelaide man invested \$18,000 in PGS and received share certificates. He then had a call advising him that PGS was buying back its shares and that he should send the certificates back, which he did. He's heard nothing since, received no money for the shares and has been

unable to contact PGS. It's often difficult to tell if an investment is legitimate or not. Good sales people are convincing, but remember, so are many crooks.

It's probably a scam if:

- The person says you must take up the offer immediately or you'll miss the opportunity. Legitimate companies don't pressure people to act without time to look into the deal.
- The person refuses to send you written information before you commit to anything.
- The person claims you can make huge profits through a franchise or other business opportunity with little or no effort or 'guarantees' money-back refunds.

If in doubt:

- Check with your state or territory consumer affairs/fair trading office or ASIC to see if the investment is legitimate and the company is known to them.
- Obtain a copy of the prospectus for a detailed analysis of the investment and its risks.
- Consult a registered financial professional or a trusted financial adviser before investing.
- Don't be stampeded into international investments. Just because an investment is an international one doesn't automatically make it better.

Return To Sender - Home Employment Opportunities

Some advertisements promoting business and employment opportunities may be downright deceptive, by misrepresenting wages and the number of jobs actually available. Be suspicious if you have to pay a fee to receive more information. They sound good but don't always tell the full story. Beware of advertisements that make unbelievable claims about job opportunities.

'Imagine owning your own business, being your own boss, working only a few hours per week, never having to set an alarm clock again ... a business that's fun, easy, even exciting work. No staff, no overheads, no bookwork, no selling, working from the comfort of your home' the blurb runs. Delve deeper and you find many of these so-called business opportunities are not what they appear.

Many job advertisements are a bit hard to swallow. They might claim you could earn hundreds, even thousands of dollars a week, working from home for just a couple of hours a week, simply by stuffing envelopes. Here's an example of the kind of advertisement you should steer well clear of.

Active Home Workers

Earn up to \$500 a week at home addressing and mailing envelopes. Easy money!!! It works for me so why not you. Be quick. Act now not later. Send your self-addressed envelope to Bonanza Bucks, PO Box 123, Happy Avenue, Paradise.

These types of job ads appear to offer paid work for 'stuffing envelopes' but are often a front for phony get-rich-quick schemes. You reply to the ad, and usually receive a request for money, after which you're sent a 'plan'. It informs You to place a similar advertisement, photocopy the 'plan' and mail it out to other unsuspecting victims. The only person who makes any money is the promoter who placed the original ad and he or she then moves on.

The targets of work from home schemes are people who need extra money but who are not able to work outside their home. These ads typically promise 'a large income' for working on

projects 'in great demand'. Some promotions stress that 'no experience is necessary', while others indicate that 'no investment is required'. The one characteristic common to all of these schemes is that you are required to send money before you are able to start work.

Some require you to buy materials to produce items, such as sewing baby booties or aprons, making Christmas wreaths or toys or fabricating other specialty products. You're not told that you have to sell these items yourself and there is usually little or no market for them. The sharks behind these schemes are only interested in selling you their scheme.

Some promoters say 'no selling required'. They promise to buy back any items you make, as long as your workmanship is 'acceptable'. Of course, these promoters will reject everything you send them by telling you that your finished products do not meet their 'high standards'. You are left to sell the items on your own, if you can.

If you are caught by one of these schemes, contact your state or territory consumer affairs/fair trading office or the Australian Competition and Consumer Commission. The sooner the authorities find out about it, the sooner they can prevent others being defrauded.

Travelling Mercenaries And Door-To-Door Swifties

Door-to-door sales generate more than their fair share of complaints. This sales method has proved a magnet for fringe operators. Roving rip-off merchants can strike anywhere leaving botched jobs and out-of-pocket consumers in their wake. But laws do exist to protect householders from door-to-door predators.

Home repairs and improvements are expensive undertakings, and con men and scam artists have entered the industry to rip you off. Be wary if you receive a brochure offering to carry out a usually expensive job at an unusually low price. This is a favourite scam of dishonest home repair tricksters. Once you sign the contract, you learn why the price is so low - they never deliver the service you paid for in advance.

'Free' inspections by con men turn up plenty of expensive repairs you don't need. They come to your door and try to gain access by posing as repairmen or home insulation inspectors offering free inspections. They may quickly flash something that looks like an identification card to convince you to let them enter. Some shady operators offer to do the work on the spot. When they leave, you may be left with a large bill and a faulty repair job.

Be wary, also, of door-to-door salespeople who may use misleading information and inflate crime statistics to convince you that the only way to feel safe is to have a security system installed.

AND ROVING ROGUES....

The team of itinerant workers who approached a Uniting Church minister offering to asphalt the church car park, for what seemed a bargain basement price, turned out to be rogues.

This team of tricksters explained that they had just finished a major project and had a large supply of asphalt left over. The job was completed in just under two hours, but the following Sunday after the congregation departed, the car park resembled a lunar landscape, with cracks and potholes everywhere. Our roving tricksters had failed to carry out the essential preparatory work.

And again, an elderly homeowner was approached by two men who offered to repair tiles on the roof of her home. They had completed work on her neighbour's house so she assumed they were competent, but she later discovered their work was sub-standard and incomplete.

Worse, being arthritic, she asked one of them to fill in the cheque for her when the work was completed. Imagine her dismay when her bank told her that the cheque, originally made out for \$100, had been altered to read \$2,100. These villains had duped her of most of her savings.

A WOLF AT YOUR DOOR

A well spoken young man selling vacuum cleaners knocked on the door of the unit of a 72 year old woman in Sydney's eastern suburbs. His sales pitch was persuasive and the elderly householder eventually agreed to buy a new cleaner - for \$1,500! As she did not have money readily available, the salesman 'kindly' offered to drive her to the bank to withdraw the funds.

In another case in Queensland an itinerant painter took advantage of a number of trusting older consumers. The trickster, complete in bib and brace overalls, approached a number of people in their homes offering to paint and repair their roofs. He even offered a seven-year guarantee for his work. The work turned out to be of poor quality and incomplete. Luckily, the Queensland Office of Fair Trading caught up with him and fined him \$6,000.

Our courts will defend the rights of consumers when 'unconscionable conduct' occurs. Depending on the circumstances, driving an elderly client to the bank, for example, could constitute illegitimate pressure.

When goods or services are bought through door-to-door sale on credit, the law provides for a 10 day ,cooling off period. This means the householder can cancel the contract during this period and get their deposit back. Traders must also give customers a list of their legal rights, a copy of the contract and a cancellation document in case they change their mind.

BEFORE YOU SPEND ANY MONEY, CHECK FOR SIGNS OF A SCAM!

- Snap decisions are often bad decisions. By all means listen to the offers of door-to-door salespeople, but keep your options open. Think hard before signing anything. There are precautions you can take to avoid becoming victim to roving rogues and unscrupulous door-to-door salespeople. Remember, 'If it sounds too good to be true, it probably is.'
- Always get several quotes for every repair job and compare prices and terms. Ask if there is a charge for a quote before agreeing to let the tradesperson or company into your home.
- Make sure you know the name and address of the salesperson and the company they claim to represent.
- Ask for references, the name of the person they last worked for and check them out. Always inspect the finished job.
- Contact your state or territory consumer affairs/fair trading office or the Australian Competition and Consumer Commission (ACCC) to check if there is any public information on the company before you authorise any work, or pay out any money.
- If you decide to sign a contract, make sure a completion date is specified and that you know what the job will cost, if work will be subcontracted, if the contract includes all verbal specifications made and that specified materials to be used are included in the quote.
- Don't deal with people who canvass for household repair work door-to-door. If you need work done around your home, ask friends or neighbours if they can recommend someone.
- When you select a tradesperson, ask to see their licence.
- Unscrupulous tradespersons often target elderly and frail people who may be unable to climb onto a roof, for example, to check on repair work. They work to win your trust, then exploit you.

Unsolicited Mail And Telefraud

A company may send you a gift in the mail - a ballpoint pen, a key chain, or a tie. You didn't order it - it just turned up out of the blue. This is called inertia selling. If you're the type of person this company is looking for, you may feel guilty about keeping the item without paying for it. Don't feel guilty! It's yours, and you are under no obligation to pay anything.

You may enjoy eating Beef Wellington but who wants to pay \$29.95 for the recipe. Many people have received a laminated set of recipe cards through the post together with an invoice. The cards were theirs to keep, once they had paid their money, said the covering letter.

Under Australian consumer protection laws, you can do two things if you receive unwanted or unordered goods. First, advise the seller in writing that you don't want the goods and say where they can be collected. If the seller fails to collect them within one month, the goods become your property. Keep a copy of your letter and preferably send it by registered mail.

Alternatively, just do nothing. If the seller does not pick up the product after three months, it becomes your property. In both cases, during the intervening period consumers have a responsibility not to use the goods and to keep them safe and secure. Although not illegal, inertia selling is a high pressure sales tactic you can do without.

Some scams use the postal system to sell products or get money by offering something that will never arrive. But fraud doesn't always need to start through the mail. It may also begin with an unsolicited telephone call. While there are many legitimate individuals and companies that use the telephone or postal system to solicit business, some con artists use a scripted sales pitch and an array of high-pressure sale tactics to obtain purchase commitments from victims.

A postal or telemarketing fraud scheme often begins when you receive a postcard or letter in the mail describing an appealing offer. To take advantage of the offer, you are told to call a toll free number. When you call, the telemarketer has a convincing sales pitch.

TRUST US - WE WORK FOR THE GOVERNMENT

That yellow envelope, with return address and crest, looks so official you think it is from the Government. Such letters can be deceptive, confusing and sometimes illegal. They typically contain sweepstakes, solicitations or requests for donations for political causes. To look even more authentic, messages such as, 'Important Notice', 'Official Business' or 'Open Immediately' are often hand stamped or printed on the envelopes.

A variety of fake schemes involve mailed solicitations that offer, for a fee, certain services that are available free from the Government. Often the company's name and mailing design deceptively imply that the company is, or has ties to, a Government agency. If you receive such a letter you should call the Government agency that holds the information being sold by the promoter and ask if it is available free of charge. In many cases, it will be.

'MIRACLE' LOTIONS AND POTIONS

Pamphlets from quacks and con artists out to sell worthless medical products often claim or promise highly deceptive 'miracles'. Beware of exaggerated claims such as 'instant cures for arthritis', 'lose weight without effort', 'grow hair overnight', or 'look years younger.'

These pills, lotions and creams will supposedly cure arthritis, rheumatism, heart disease, multiple sclerosis, Parkinson's disease, cancer, obesity, impotency, and other ailments, but hardly any have been properly tested or proven medically effective. Some might even be dangerous for your health.

These medically ineffective or dangerous products are sold by professional con men with no medical training. Sales gimmicks include fake testimonials from 'satisfied customers', emotional sales pitches, and outright lies regarding product effectiveness.

Hair replacement is another area where many promises don't materialise. Almost one-third of Australian men suffer hair loss by the age of 30 and there's no simple cure for male baldness. Before considering any baldness cure or hair replacement therapy, check guarantees, failure rates and possible side effects and consult your doctor, the Association of Trichologists (02 9267 1384) or consumer affairs/fair trading offices in your State or Territory.

DOES 'EXCLUSIVE' EQUAL 'EXPENSIVE'?

- Don't believe claims that a product available only by mail or from an 'exclusive' supplier contains a 'special', 'secret', 'foreign' or 'ancient' formula that will provide 'instant' cures.
- Don't believe claims that a 'miracle' drug or product will effectively treat a wide variety of illnesses or ailments.
- Don't accept 'testimonials' or case histories from 'satisfied customers' as the only evidence that the product actually works.
- Don't believe claims that the medical establishment overlooked, or suppressed, a 'scientific breakthrough'. Someone is trying to convince you to part with your hard-earned money.
- If you have any doubts about a product that someone is trying to sell you, that promises the relief you have been looking for, discuss it first with your general practitioner or other informed health professional.

COME FLY WITH ME - TRAVEL RORTS AND TIME SHARE TRAPS

Travel rorts cost Australian consumers millions of dollars. Preying on people's desire to see new sights or to simply relax, some smooth operators tell unsuspecting consumers that they've won a 'free' trip when, in fact, the trip is anything but free. A 'free' cruise can cost hundreds of dollars. A 'free' airfare could require the purchase of a second ticket at an inflated price. 'Bargain' resort vacations may require travellers to spend most of their 'vacation' in a time share sales presentation. 'Economy' holiday packages are often so loaded with conditions and restrictions that many consumers who pay for a trip never take it.

People who paid \$99 for a return air ticket to Hong Kong later found out that this 'air fare bargain' was not what it seemed. Widely advertised in Sydney newspapers, it came with strings attached.

The very cheap price for an international flight was a marketing gimmick. Consumers were forced to stay at a top-of-the-range hotel for up to 14 days or more. The price of the ticket had well and truly been factored into the total cost of the package. Much cheaper deals were available from any licensed travel agent. Here's an example of what to be wary of, with 'free' trips:

Congratulations Mrs. Smith!

You have just won a free trip of your choice to anywhere in Australia! Your name was chosen in a random drawing by the Executive Board of Travel Agents.

When you filled out the form to win this trip, did you ever think you would actually win? Well you did. It's a dream come true. Just think, you can go anywhere in Australia that you wish... FREE!

Here's all you have to do. Return this form with your name, address

and credit card number and where you would like to go. Remember, you can go anywhere in Australia and it's free. The trip is for two weeks and your hotel stays are included. Sorry, meals are on you.

We do need a \$100 processing fee and if you would like to take a companion, just add \$25.00. The tickets and information will be mailed to you approximately two weeks after we receive your form.

Once again, Congratulations!

Scam operators rely on our greed to accept rewards at face value.

Beware of **Travel Clubs** which offer cheap air fares and accommodation in return for up-front membership. Many are not run by licensed Australian travel agents and customers are not protected by the Travel Compensation Fund (TCF) if they lose their money. The TCF covers licensed travel agents in all areas of Australia except the Northern Territory, which has its own scheme. The fund can reimburse consumers in cases where travel agents have gone into liquidation, gone bankrupt or gone out of business.

Time-share apartments, where you buy the right to an annual 'Share' of a property may be connected with heavy pressure and promotional gimmicks ('Tree return air tickets to Queensland').

The Northern Territory's Commissioner of Consumer Affairs has warned of telephone calls from an organisation called Club Premier, which invited participation in a 'consumer holiday survey'. Club Premier told people their names would be entered into a draw for the chance to win a holiday. A later call told

them they had won a trip to Port Douglas. The catch? They had to attend a seminar in Darwin to receive the prize. The 'seminar' was a hard-sell for a timeshare holiday and the 'holiday' turned out to be 'accommodation only' with many restrictions including attending another seminar. Contact the Australian Time Share & Holiday Ownership Council Ltd, Box 5429, Gold Coast Mail Centre 9726, tel 07 55 889933, or check their web site www.athoc.com.au for information on timeshares.

- Do your sums - what you pay for a week's annual timeshare for seven years might buy you a week in an overseas luxury hotel, with airfares thrown in. If you like the idea of a holiday at the same place each year (not everyone does) check for deals with reputable hotels, motels and caravan parks. It could work out a lot cheaper for you and your family!
- Do stay away from travel offers that sound too good to be true.
- Do be extremely sceptical about postcards and telemarketers stating that you have been 'selected' to receive a 'fabulous', 'no-cost' holiday.
- Do seek the advice of reputable and licensed travel agents when planning trips or making travel arrangements.
- Do insist on complete details in writing about costs, restrictions on travel and accommodation and cancellation penalties.

Trouble Calling - 0055/1900 Telephone Number Scams

Swindlers can use 1900 and 0055 numbers to carry out many scams. They include phoney prize and vacation offers, as well as deceptive credit card promotions. They often begin when the swindler sends you notification by post, claiming that you have won something or have qualified for a credit card.

You might be promised a product or service, but what you actually receive is often quite disappointing. If you are calling to get a credit card you might get a list of banks to which you

can apply for a card. if you are told to call because you are the winner of a sweepstake you will receive nothing at all, except an astronomical phone bill sometimes \$30.00 for a single call. You might call the number and be required to listen to a long recorded sales message. Remember, the longer you stay on the phone, the higher the charge for the call. You might even be directed to a second 0055/1900 number for additional information or to order your product or service.

Here's an example of a scam. involving a 0055 phone number:

LOOKING FOR SOME EXTRA CASH OVER CHRISTMAS?

We are flast flat out with orders for the Christmas rush. Big money for hard workers. Earn in excess of \$500 a week... Call Steve now on 0055 666 666.

The catch is it takes you up to five costly minutes on the phone to find out there is no job on offer.

- Remember that 0055/1900 telephone numbers attract charges by the minute, usually well above the cost of a local or STD call.
- Don't dial a 0055 or 1900 number unless you are absolutely sure how much you will be charged and you are willing to pay for it.
- Be on your guard if, after dialling one 0055/1900 number you hear a message asking you to dial a second 0055/1900 number.
- Do some research into the organisation if you have never heard of them before, and trust your own common sense.

How to Recognise and Avoid Scams

Here are some handy hints to help you recognise a potential scam:

- Scam operators dress for success. They work very hard to come across as confident, professional and successful. They may dress extremely well and work out of impressive offices. If your only contact is by mail, the office may have a prestigious sounding address but be only a 'serviced office' or mail box. Investigate before you part with any money.
- Scam operators often try to sell poorly understood financial products. There is a wide variety of financial products on offer from banks, brokerage firms and financial planners. When it comes to your money, think things through for yourself after you have all the facts. Never give someone control over your money just because you think you are too old, young or financially inexperienced. If you need help, only deal with registered financial advisers.
- Scam operators bring out the worst in you - greed, fear and insecurity - and make you feel inadequate and overawed by their financial knowledge. If you are tempted to make investment-related decisions based only on 'gut feelings', watch out!
- Scam operators are fair weather friends. They are friendly and may take a personal interest in you and your life. They call back to tell you positive things about the investment they're offering. You feel you are being pressured and the truth is, you are! Scam operators do everything in their power to make a sale. Often, once you have paid up, contact dwindles, and then stops altogether. If you can't get answers to your questions this may signal danger.
- Every investment involves some risk. Be especially careful if the salesperson downplays any downside or denies that risk exists. Check your comfort level with any financial proposal. If a risk is going to keep you awake at night - don't even consider it.

How to Protect yourself against Scams

You can reduce your chances of being swindled by knowing who it is you are dealing with. This will help to protect you against getting involved with scam operators who set up companies, rack up debts then close up shop leaving their debts behind.

KEEP THESE POINTS IN MIND

- Ask for the name of the person you are speaking to and who they represent.
- Take notes of conversations, including dates, times, names and important points.
- Ask for an explanation of anything you don't understand.
- Read letters carefully and seek professional help (e.g. an accountant or a solicitor) if significant money, time or responsibilities are involved.
- if you want to check out the bonafides of a company, contact the Australian Securities and Investments Commission (ASIC).
- if it sounds too good to be true it probably is!
- Find out who you are dealing with. Independently verify any claims made by a sales person, investment adviser or advertisement.
- Make sure that any company you deal with complies with the applicable State and Commonwealth laws. In Australia, all companies must be registered with the Australian Securities and Investments Commission.
- Do business with companies you know and trust.
- Make sure you fully understand all the terms and conditions of any offer made to you.
- Take your time before you make any decision.
- Don't provide any financial or other personal information before you establish whether the company is legitimate.
- Understand and monitor your investments and ask frequent questions and map out your financial goals before you meet with a financial planner.
- Don't judge the credibility of a company or sales person by how 'professional' they or their promotional material or web site seems.
- Don't fall for high-pressure sales tactics.
- Don't let embarrassment or fear keep you from reporting fraud or abuse to the appropriate authorities.
- Don't ever be afraid to ask questions. In fact, the more questions you ask, the better.

Who to Contact

Consumer Affairs/Fair Trading Offices

NSW Ph: 02 9895 0111 www.fairtrading.nsw.gov.au	TAS Ph: 1800 005 220 (free call) www.justice.tas.gov.au/ca
NT Ph: 08 8999 6124 www.nt.gov.au/caft	WA Ph: 1300 30 40 54 www.fairtrading.wa.gov.au
VIC Ph: 03 9627 6000 www.justice.vic.gov.au/oftba	Commonwealth Ph: 02 6263 2800 www.treasury.gov.au
SA Ph: 1800 804 072 (free call) or 08 8204 9515 www.ocba.sa.gov.au/scams.htm	Australian Competition and Consumer Commission Ph: 02 6243 1111 www.accc.gov.au
ACT	Australian Securities and Investments Commission

Ph: 02 6207 0400
www.consumer.act.gov.au

Ph: 1300 30 06 30 (local call cost)
Ph: 02 9911 2200
www.asic.gov.au

QLD
Ph: 07 3246 1560
www.consumer.qld.gov.au