THE “HOOK”

In this scam, the con artist will send you a letter or email, or you might even respond to an ad that the scammer has placed on the radio, magazine, or newspaper. Often times the scammer will use the name of a reputable loan company to make the ad more convincing. In the ad or letter that you receive, it will have you contact a third party consultant at a call center that has no affiliation to the well-known company that you thought you would be calling. This third party call center will have you submit an application over the phone, or by a physical application sent by US Mail, which will indicate that they need sensitive information such as your social security information. The loan is always approved with a very low interest rate from a well-known lending company, so you are fooled into thinking that you will be receiving fast cash. People who are often in need of a fast cash loan often overlook any suspicious activity because they have their eye on the money.

Once the application has been approved, the third party consultant will either fax or mail a loan package, or maybe even direct the unsuspecting victim to a website to enter information, as well as bank account information that you would assume is needed to deposit your loan directly. Once this has been done, victims are required to deposit a onetime payment to initiate the loan process. Again the victim is ignoring this red flag, because their eyes are only concentrating on the large sum of money they think they will be receiving now that they have been approved for the loan. This first time advance payment will be by a money order, through Western Union or Money Gram. Reputable companies will never ask for payments via money order. Once the victim has sent the money order, the scammer disappears with the application fee or first time advance payment and of course the victim never receives the loan they were expecting.

The con artist will most likely try to get you to do these things in this order:

1. Have you provide personal information, so the con artist can steal your identity and ruin your credit by opening credit cards, and creating bills for you, leaving you in hot water.
2. Send bank details, or checks, so the scammer can fake checks that they can use in other scams.
3. Send money, such as down payments or loan application fees etc. by money order or Western Union.

THE LESSONS

- DO NOT enter your credit card, bank account details, social security number, or any of your personal information on any website that has contacted you by email, telephone or through the internet unless you are familiar with the agency and know exactly why this type of info is necessary.

More lessons on page 2...
MORE LESSONS

- **FAKE LINKS** on emails are a common method to convince you that you are responding to a real lending agency. As an example, the link looks like http://www.Chasebank.com, but when you click on it takes you to a completely different lookalike website. These websites are set up to look just like the real website so the scammer can legitimize their scam. Legit companies will tell you just to go to their website or simply tell you to call without providing you any type of links. Links are a common red flag that there is a possible scam involved. **You can always insure you are at the real website by typing the correct URL address as opposed to clicking on a link.** Always be cautious with links.

- **LEGITIMATE lending companies do not require an up-front payment.** You do not have to pay for a promise of a loan. *It is illegal for any company that does business by using telecommunication in the US to promise you a loan, but require you to make an upfront payment in order to confirm the loan.*

- **WESTERN UNION and MONEY GRAM are key red flag warnings.** Most scammers will take payment via a money order service because they are untraceable and very difficult for law informant to track them down. Furthermore, a scammer will ask for the payment be made to an individual rather than a company. They will also ask you to use a pass code to Western Union, this even conceals their identity furthermore making it almost impossible to track down.

- **LOAN SCAMS that are advertised through radio or TV do not make them legitimate.** It is a common misconception that to place an ad, they must be a real company, and that is simply not true. To place an ad anywhere all you need is money; it is not the responsibility of the outlet of the ad to do their due diligence on the company that is placing the ad. Scammers use this to their advantage and often pay top dollar to get their ad on a prime time spot to increase their appearance of legitimacy.

- **NEVER EVER send any loan payment to an individual.** All legitimate lending companies will have payments made to an organization.

- **VERIFY THE COMPANY.** One for sure way to ensure you are dealing with a lending company who they say they are is by verifying it with the Better Business Bureau (www.bbb.org). You can do so on their website or by simply calling them.

These tips should help you avoid being the next victim of a loan scam, and always remember if you feel you are being targeted, report the fraud to local law enforcement or contact the Federal Trade Commission (FTC) and use the online complaint form to report anything that is suspicious of being a loan fraud.

Last but not least, when you need to take out a loan, make sure you do your due diligence before entering the loan process. Most people overlook the red flags of a loan scam by dreaming of a full bank account.

The information for this Fraud of the Month was provided by the Federal Trade Commission Website www.ftc.gov.