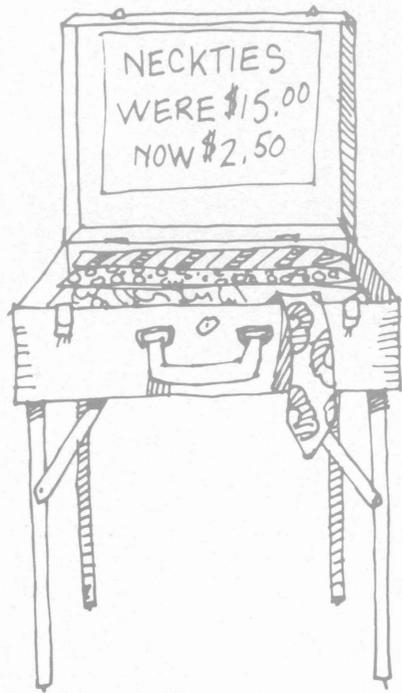


## HOW NOT TO GET CONNED



TAKE A BITE OUT OF  
**CRIME**



"Nobody would fall for a fraud if it looked like a fraud, right? So most of the time it looks like something else - a good deal, a business opportunity, a gift, or a chance to make a quick buck.

Fraud works because people don't recognize it until it's too late. To stop fraud, you've got to know it when you see it. The tips in this book will tell you how to..."

**TAKE A BITE OUT OF  
CRIME**

# Know Your Con

If someone wanted to take your money, how could he get it? The common crook might try a hold-up. But what about the less common crook? The con artist. The dishonest businessman. The cheat. They're after your money too. But they don't use a gun. They use fraud.

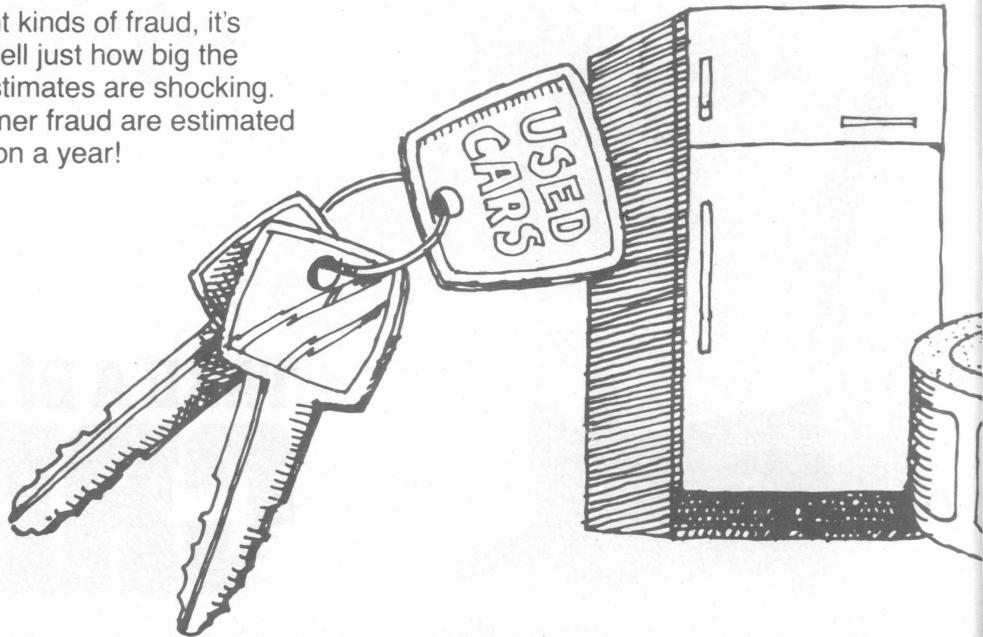
Fraud includes many different activities. A con game is fraud: a crook tricks a victim into handing over some money, and then takes off with the cash. Shady or dishonest business practices are fraud: they convince consumers to pay more money than a product or service is worth. Phony investment deals or fake business opportunities are frauds: they take advantage of a person's desire to make money.

With so many different kinds of fraud, it's almost impossible to tell just how big the problem is. But the estimates are shocking. Losses due to consumer fraud are estimated to be at least \$21 billion a year!

**"Now that's a big problem. Just keep reading. I'll show you some of the most common consumer frauds, and tell you how to avoid 'em."**

Free enterprise. The open market. It's the American way. And most of the time it works.

Unfortunately, it works for dishonest businesses as well as honest ones. Unscrupulous businesses don't mind taking advantage of an unwary customer. "Let the buyer beware" is their motto—and you might be the buyer.



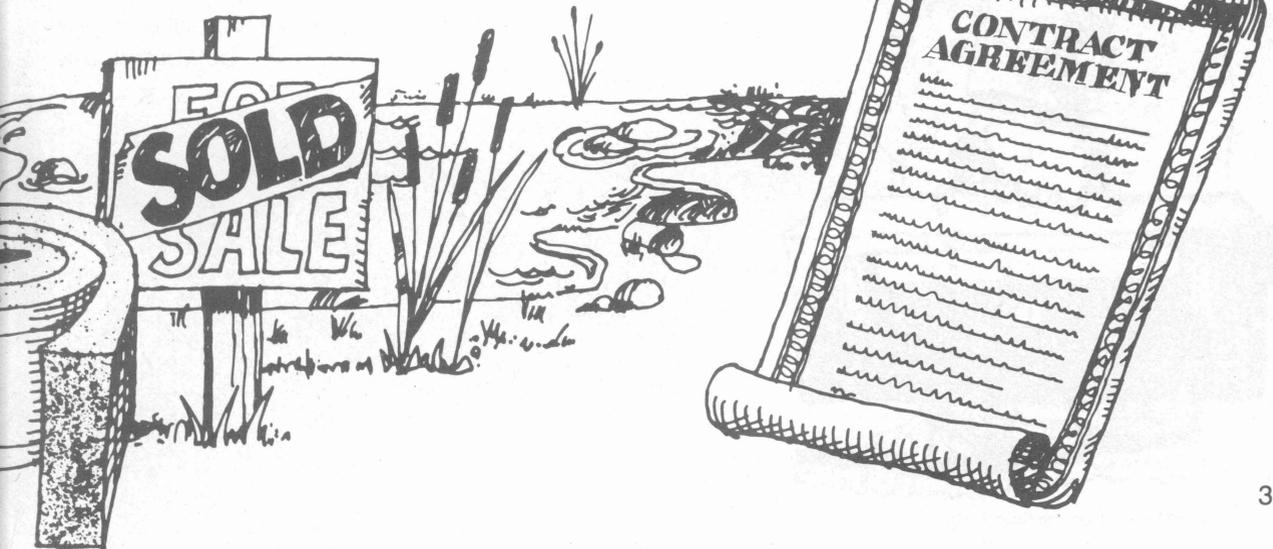
Here are good rules to follow **all the time** – whether or not you suspect a fraud:

- Don't believe something for nothing offers. You get what you pay for.
- Be suspicious of high-pressure sales efforts.
- Take your time. Think about the deal before you part with your money.
- Get all agreements in writing. Insist that agreements are in "plain English" not "legalese."
- Read all contracts and agreements before signing. Have a lawyer examine all major contracts.
- Compare services, prices, and credit offers before agreeing to a deal. Ask friends what their experiences have been with the firm or service in question.

- Check the firm's reputation with the state Attorney General's Office Consumer Protection Division or area Better Business Bureau.

If you follow these tips, you'll make things hard for the swindler. And you could save yourself a lot of money.

Fraud artists frequently rely on the same old tricks. You'll find that you may even be familiar with some of them. The list that follows includes some of the more common frauds. Don't be surprised after you've been conned. Watch out for these frauds:





"Some of us don't know a spark plug from a widget. So when our car or refrigerator breaks down, we call the experts, right? Most of them are out to do a good job. But some are more interested in takin' our money than in fixin' the problem. Here's how to spot the crooks."

# Repair Fraud

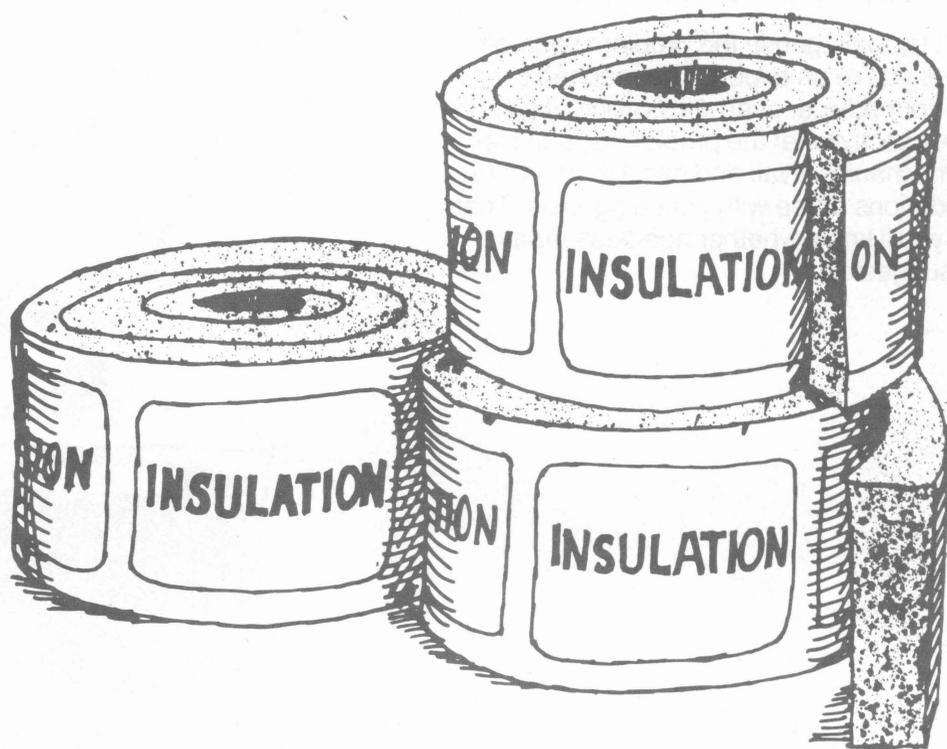
Repair frauds are simple to execute but difficult to detect. Some crooked repair people don't fix the problem but they charge you anyway. Some use inferior parts. Others charge you for work that you didn't expect. Some even do "insurance" work – they'll repair one thing, but make sure that something else will soon go wrong.

How can you protect yourself from repair fraud?

- Shop around. Ask friends, neighbors, or co-workers for references. When you find repair people you trust, stick with them.
- Don't try to diagnose the problem yourself unless you're an expert. The mechanic may take your advice, even if it's wrong. If you do know exactly what the problem is, don't tell the mechanics. Wait and see if their recommendations agree with your diagnosis. That way you'll know whether needless repairs are suggested.

- Try to get several detailed written estimates before any work is done. Compare job descriptions and materials to be used. Be sure to ask if there is a charge for an estimate.
- Ask for the old parts to make sure that replacements were really installed.
- Make sure you get a guarantee on any work that's done.
- **Before** you pay, make sure the work was done. Take your car for a test drive. Plug in the refrigerator. Test the TV.

"Everyone wants to cut heating bills, right? Good idea, but be careful! One company went door-to-door, offering to install insulation at a good price. A lot of people took the bait, signed on the dotted line, and handed over hefty down payments. Those people are still waiting. They never got their insulation, and the con artists took off with the cash."



# Home Improvement Fraud

Home repairs and improvements can be costly. So watch out if somebody offers to do an expensive job for an unusually low price. Or if a firm offers to make a “free” inspection. Or if the workers just “happened to be in the neighborhood.”

These are the favorite tricks of dishonest home repair firms. Some offer a price you just can't resist. Once you sign the contract, you learn why: they never deliver the service! Others send door-to-door inspectors to do free roof, termite, or furnace inspections. You can bet these “free” inspections will turn up plenty of expensive repairs. Some fly-by-night companies will offer to do the work on the spot. When they leave, you may be left with a large bill and a faulty repair job.

To avoid home improvement and repair frauds, try the following:

- Always get several estimates for every repair job, and compare prices and terms. Check to see if there is a charge for estimates.
- Ask your friends for recommendations. Or ask the firm for references – and check them.
- Check the identification of all “inspectors.”
- Call the area Better Business Bureau to check a company's reputation **before** you authorize any work.
- Be suspicious of high-pressure sales tactics.
- Pay by check – never with cash. Arrange to make payments in installments – one-third at the beginning of the job, one-third when the work is nearly completed, and one-third after the job is done.

Land sales fraud is the greatest in Texas of any state.

**“Never buy anything site unseen! Remember, what you see in a sales brochure may not be what you get in reality. Protect your investment. Make a personal visit to your future home.”**

## Land Fraud

Real estate can be a great investment. The enterprising real estate salesperson knows how anxious you are to find just the right property – especially for an investment or retirement home. A nice, warm climate? Not too crowded? A new development? Some dishonest agents will promise you anything – swimming pool, country club, private lake – to get your name on the contract.



Even if the sales agents promise you luxury, they may **not** guarantee the basics, like water, energy sources, and sewage disposal.

**Most land developers offering 50 or more lots (of less than 5 acres each) for sale or lease through the mails or by interstate commerce are required by law to file a Statement of Record with the U.S. Department of Housing and Urban Development.** This document tells you almost everything you need to know about your future home: legal title; facilities available in the area such as schools and transportation; availability of utilities and water; plans for sewage disposal; and local regulations and development plans. All this information must be given to you in a **property report** prepared by the developer. **Always ask to see this report before you sign anything.**

If the developer doesn't give you a copy of the property report for the lot you're considering, you can obtain it from HUD for a \$2.50 fee. Write to:

Department of Housing and Urban Development  
Office of Interstate Land Sales Registration  
451 Seventh Street, S.W.  
Washington, D.C. 20410

## Business Opportunity

*Work at home manufacturing automobile accessories. We provide parts, you provide labor. Small initial investment for parts, but purchase of finished products **guaranteed**. Call Ralph at 555-1234.*

Some work-at-home ventures are honest. This one isn't. What this ad doesn't say is that finished products must meet a certain standard of quality before the company will buy them. And the unwritten guarantee is that very few products will be able to satisfy those quality standards—and very few people will sell their wares.

There are other business opportunity schemes too. Envelope stuffing schemes which usually require you to develop a mailing list, supply materials and print the message or letter. Franchises offer the security of a "parent" organization, however some can be phony "opportunities" with only the franchisor benefitting financially.

- Make sure all promises are given in writing.
- Check the company's reputation with the area Better Business Bureau **before** you agree to participate.
- Ask for a list of other participants. Contact them before signing up.

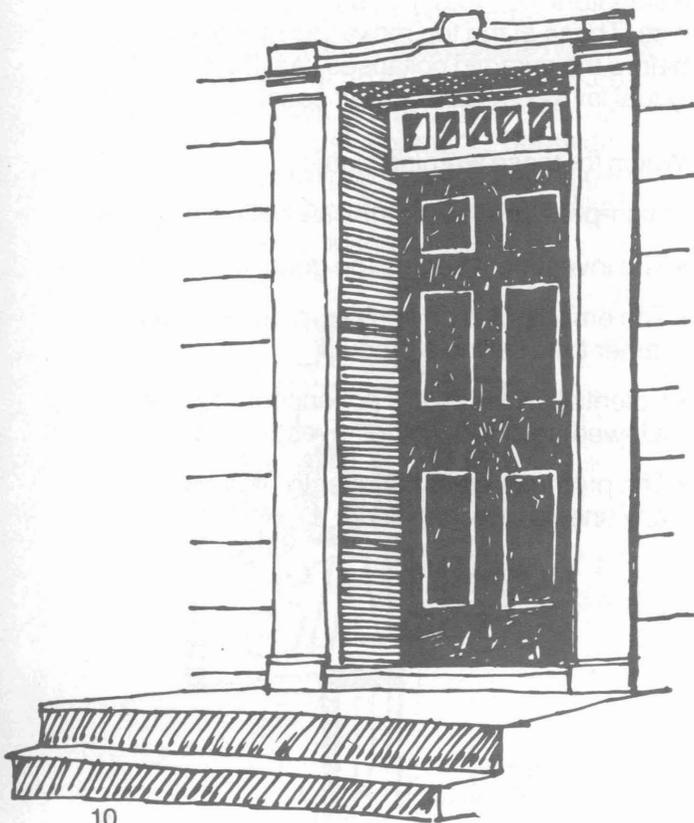
## Investment Frauds

There are dozens of different investment frauds. Sometimes people are offered the "chance of a lifetime" to invest in a promising new company. The swindler takes the investor's money and quietly goes out of business. Another type of investment fraud is the "pyramid franchise." The investor buys a dealership for hundreds or thousands of dollars, and recruits other distributors or salespersons. Eventually, there are hundreds of distributors, but no one to sell the merchandise. Those at the top make lots of money before the pyramid collapses, leaving the individual investors without their cash.

Watch for these warning signs:

- High-pressure telephone sales efforts.
- The investment seems too good to be true.
- The emphasis is on setting up dealerships rather than selling a product.
- Potential investors are not encouraged (or allowed) to contact other investors.
- The promoter does not offer to "buy back" any unsold merchandise.

"I know some door-to-door sales-people and most of them are honest and hard-working. But there are a few who try to cheat their customers. Be careful. They usually give themselves away. Watch out for these 'catchwords':"



## Door-to-Door Sales

"Small monthly payments": Used to disguise the total cost of the item, which is usually outrageous. The vacuum cleaner you buy for "only" \$10 a month for 4 years will cost you \$480!

"Nothing like it in the stores!" True. The vacuum cleaners in the stores are probably of better quality and come with a better warranty.

"Won't find this price anywhere!" True. The prices in the stores are probably lower.

"Easy credit!" True. They don't care what your credit rating looks like. Once you sign for the purchase, paying for it is **your** problem. Be wary of "low monthly payments." Find out the total amount you'll pay over the life of the loan. Then subtract the actual cost of the item itself. The difference is what you'll pay in interest. Your bank, credit union, or local legal aid society can tell you if the interest rate is fair.

Watch for these words and be firm if the salesperson pressures you to buy. If you do get trapped, you're protected by a Federal Trade Commission regulation. **Whenever you make a purchase in your home totaling \$25 or more, the salesperson must give you a written contract and two Notice of Cancellation Forms. You have three days to change your mind and use one of those forms to cancel your contract. Even if the seller does not provide a cancellation form or does not give notice of the right to cancel, you still have that right.**

# Charity Fraud

Charity fraud does a lot of harm. The swindler takes advantage of people's good will and takes their cash – money that was meant for people in need.

You can make sure that any money you give gets into the right hands. Remember these pointers when somebody asks you for a donation:

- Ask for identification—the organization, the solicitor. Find out what the purpose of the charity is and how funds are used. Ask if contributions are tax deductible. If you're not satisfied with the answers—don't give! You can also check the charity out with the National Information Bureau or the Philanthropic Advisory Service. They can tell you whether the organization is a legitimate charity.
- Give to charities that you know. Check out the ones you've never heard of before, or others whose names are similar to a well-known charity.

- Don't fall for high-pressure tactics. If solicitors won't take "no" for an answer, give it to them anyway – but don't give them your money.
- Be suspicious of charities that only accept cash. And always send a check made out to the organization not to an individual.
- If a solicitor reaches you by telephone, offer to mail your donation. Shady solicitors usually want to collect quickly.

**"You know, I think it's a great idea to help a guy in need. And one way to do it is to give to a charity. But you know what? Some people set up their own charity – one that helps only them."**



"Not long ago, I saw an ad for 'an amazing capsule reducing plan,' guaranteed to 'dissolve the fat right out of your body.' Sounded great - just what I needed to shed a few pounds. But investigators in Connecticut tested a few of those 'amazing' capsules. You know what they found? Those pills were nasal decongestants - the kind you take when you have a bad cold. They might get rid of your sneezes, but they won't do much for your extra pounds!"

## Self Improvement Fraud

The ads can look pretty tempting:

"Miracle reducing plan."

"Look like a model in only 5 days."

"Learn to speak Spanish while you sleep."

"You can have a new, dynamic personality!"

Con artists know that everyone wants to look better, feel better; be a "better person." Selling worthless plans and cures is one of the easiest ways for them to make a quick buck.

What can you do? Be careful! Read the small print.

Ask yourself questions. If the product offers faster results, ask "faster than what?" Or if the claims use such adjectives as more, better or superior, ask "more than what?" "better than what?"

Know what the product contains. You should check with your doctor before you embark on any diet or exercise programs.

## Medical and Health Fraud

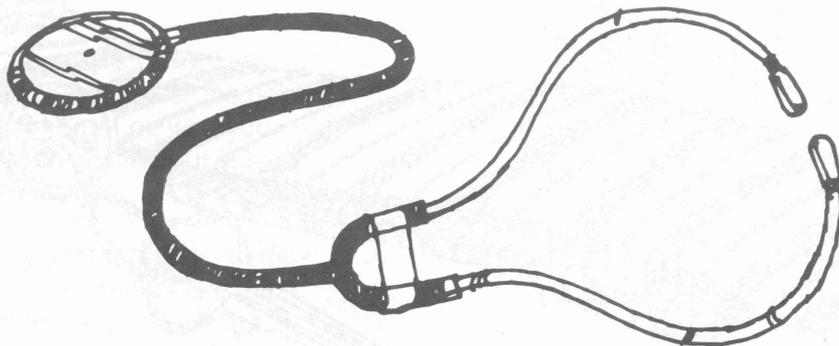
Most of us don't know much about medicine. That's why we go to doctors.

It's also why we fall for "miracle cures" and other phony health products and services.

Patent medicines. Health spas. Mail-in lab tests. All these should be warning signs for the potential consumer.

*A laboratory in Texas advertised nationally that it had perfected a fail-safe urine test for cancer. More than 15,000 tests were made at \$10 each before authorities stopped this fraudulent outfit.*

**"My advice is: Take your doctor's advice. Use only the medical facilities and products recommended by your physician or health clinic."**



## Unsolicited Merchandise

Cagey con artists will send you a “gift” in the mail – a tie, a “good luck” charm, a key chain. You didn’t order it. What do you do?

If you’re the kind of person they’re looking for, you’ll feel guilty and pay for it. But you don’t have to.

- If you haven’t opened the package, mark it “Return to Sender.” The Post Office will send it back – at no charge to you.
- If you open the package and don’t like what you find, throw it away.
- If you open the package and like what you find, keep it – **free**. This is a rare instance where the rule of “finders, keepers” applies unconditionally.

Whatever you do, don’t pay for it. Look at your “gift” as an honest-to-goodness way of getting something for nothing. And don’t get conned if the giver follows up with a phone call or visit – by law the gift is yours to keep.

## Bait and Switch

*Customer: I’m looking for the \$100 stereo system that was advertised in the paper.*

*Salesperson: This is it right here. As you can see, the case is slightly damaged and the speakers are pretty small. We’re out of stock right now and don’t expect any more for about three months.*

*You’d be better off with this set over here. For only \$300 you get...*

This is a classic case of “bait and switch.” Either the store doesn’t have the advertised item, or the salesperson makes it seem awful and steers you over to a more expensive item.

Steer clear. Insist on seeing the advertised item. If you decide it’s what you want despite the sales pitch, insist on buying it. File a complaint with the area Better Business Bureau so other people won’t get conned.



**“We’ve talked about the ways swindlers can meet you face-to-face. But there’s another way they can reach you – right inside your home. The U.S. Mail. Your own mailbox. Here are some common mail fraud schemes to watch out for”:**

## **Mail Fraud**

### **The Contest Winner**

*“YOU’VE WON! This beautiful brand-name sewing machine is yours for a song! To claim your prize, come to our store and select one of three attractive cabinets for your new machine. Bring this letter with you and go home with a new sewing machine for next to nothing!”*

Treat an offer like this carefully. Shop around before you claim your prize. Chances are the cost of the cabinet will be more than the machine and cabinet are worth.

### **The Missing Heirs**

You’ve just received a very official-looking document. The sender is looking for the rightful heirs to the estate of someone with your last name. It could be you! To find out, just send \$10 for more information.

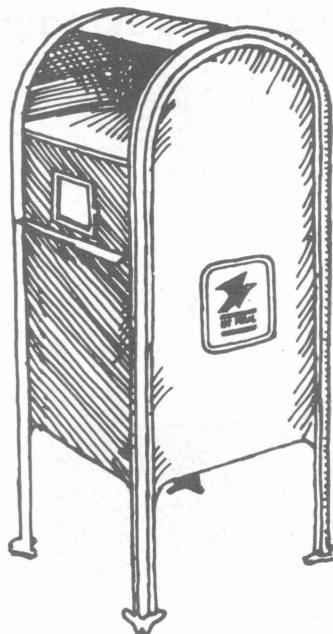
Let’s face it. There may be thousands of people with your last name, and letters like these are often mailed nationwide. Even if there

really were an unclaimed estate, it’s highly unlikely that you would be an heir. So save your \$10. Why help a swindler get rich?

These are just two examples of mail fraud. Many of the other frauds described in this booklet can be handled through the mail. When they are, the U.S. Postal Service can launch a full-scale investigation.

If you think you’ve been cheated in a mail fraud scheme:

- Save all letters, including envelopes.
- See if your neighbors or business associates received the same materials.
- Contact your local postmaster, who can direct you to the regional Postal Inspector’s Office in Dallas.



**"What's a con game? Most of the time it's a set-up. Swindlers prey on people who have a tidy sum to invest. Or a little cash in a savings account. They trick people into handing over their cash, and then leave them flat.**

**So it's called a con game. Most of the time, the swindlers win. You know why? 'Cause they cheat. They know the rules of the game. You don't.**

**Well, why not turn the tables? Here are some con game rules. Now you'll have the edge."**

## **The Con Game**

**Pointers on the game.** The best bet for winning the con game is to recognize the swindlers' moves. A few steps that should tip you off right away:

- Somebody offers you something for nothing or at a surprisingly low price.
- A stranger asks you about your personal finances.
- You are asked to pay large sums in cash.
- Someone asks you to help in a "secret plan."
- A stranger asks you to withdraw your bank savings in cash.

It may not be quite as simple as that, though. Swindlers come in many disguises and they're creative. Be alert. You have to recognize them and blow the whistle before they take your money.

"Want to know more? Let me introduce Marvin 'the sting.' He's an expert at the game, if you know what I mean. And he's gonna demonstrate some of his favorite moves."

### The Pigeon Drop

You and Marvin are waiting for the bus. Marvin starts a friendly conversation. He says he's just found a large sum of money on his way from work. What should he do with it? Maybe his "boss" can suggest something. Marvin leaves to check and comes back a few minutes later. His "boss" said to divide the money, but first, each of you must put up some "good faith" money. Once you hand over your share, though, you'll never see it or Marvin again.

### The Bank Examiner

This time Marvin is wearing a conservative three-piece suit. He tells you that he's a bank official and needs your help to catch a dishonest teller. All you have to do is withdraw your savings and give the money to him so he can check the serial numbers. If you do, you've been "stung." A real bank official would **never** ask you to withdraw your money.

Hard to believe that people fall for such tricks? Con artists may be the greatest actors you'll ever meet. These are two of the most popular **and most successful** con games around. Don't be fooled. Call their bluff before it's too late.



# What To Do If You've Been Conned

The con artist can be pretty persuasive. Sometimes you might not know you've been cheated until it's too late.

So what do you do? Lots of people don't do anything. They're too embarrassed to admit they were duped. Or they blame themselves. Or they think the authorities don't want to hear about a little con game.

If you don't report fraud, you're only helping the crooks. That's just what they want. Don't play into their hands a second time! Instead:

- Contact the police. If you're the victim of a fraud, they want to know about it.
- Contact your local District Attorney. Lots of D.A.'s now have special consumer fraud or economic crime units. And you can bet that they want to know if you've been swindled.

- Notify the area Better Business Bureau, or local Chamber of Commerce. They can help steer other people away from dishonest companies and businesses.
- Complain to the store or business. And complain loudly. Sometimes a mistake looks like a swindle. They may be willing to settle your complaint. Or they may be able to identify and fire a dishonest employee.

For more information, send for a copy of the **Consumer's Resource Handbook**. It tells what Federal agencies are responsible for particular consumer problems and where help is available in state and local governments and private organizations. Single copies are free from:

Consumer Information Center  
Department 635H  
Pueblo, Colorado 81009



“Remember that the frauds described here represent only a few of the con artists’ tricks. They’re in the business of bilking the public. So it’s their business to think up new games and to put twists on the old ones. Be cautious and canny if you suspect a con. You’ll be helping me to...”

**TAKE A BITE OUT OF  
CRIME**



## For More Information and Assistance

The following organizations and individuals can help you identify deceptive trade practices and prevent the spread of these crimes:

- State, county, and local law enforcement agencies.
- Employees of the Texas Agricultural Extension Service - county Extension agents, family resource management specialists
- Texas Consumer Association  
302 W 15th, Suite 202  
Austin, TX 78701
- Federal Trade Commission  
2001 Bryan, Suite 2665  
Dallas, TX 75201
- Attorney General's Office  
Consumer Protection Div.  
P.O. Box 12548  
Austin, TX 78711

The Texas A&M  
University System



**Texas  
Agricultural  
Extension  
Service**

Daniel C. Pfannstiel, Director  
College Station

*Educational programs conducted by the Texas Agricultural Extension Service serve people of all ages regardless of socioeconomic level, race, color, sex, religion or national origin.*

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