

# **THE CIRCLE OF SAFETY: INTERNET AND IDENTITY THIEVES — DON'T LET THEM TAKE YOU AWAY... AVOID BECOMING THE NEXT MARK FOR TODAY'S CON-ARTIST**

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## **What you'll discover in this report:**

- **Red flags to watch for when shopping online**
- **10 easy ways to protect yourself from Internet fraud before it happens**
- **Which websites have the largest number of con-artist scams and why**
- **Where to report incidents of Internet fraud**

## **HOW TO PROTECT YOURSELF FROM INTERNET SCAMS**

**T**he Internet has brought many goods and services into our homes for our convenience and inconvenience. We all complain about unwanted E-mail in the form of spam.

When it comes to looking for that bargain, many of us have found ourselves searching the auction sites like eBay, and AuctionBytes.com along with a hosts of others that are open for business. It reminds me of the old fashion flea-market. Only now you don't have to leave your home or chair to shop and buy all day long.

There are pitfalls to this type of shopping, however. New rules to learn and new buyer beware tricks. You are not the only one using the auction sites to hunt down the perfect bargain. Con artists are using the same sites to hunt for their next mark, luring people off the sites, posting illegitimate ads, or sending spoof E-mails. Con artists are looking for people just like you.

### ***Auction Scams are the Most Common Type of Online Fraud***

The Federal Trade Commission states auction scams are the most prevalent type of Internet fraud. In 2002, the agency received 51,000 online auction complaints up from approximately 20,000 in 2001. The number is still climbing. The old stories were about people who would not send an item as described, sent broken items, or didn't deliver an item at all. Con artists are becoming much more sophisticated and the frauds they set up are sometimes so slick and so fast the buyer is unaware they're the victim until way too late.

Another surprise is that the vast majority of online auction fraud occurs on eBay simply because it's the biggest auction site. Over 8 million bids are placed every day with eBay.



In April, the US attorney in Massachusetts announced the sentencing of Teresa Smith, 25, the perpetrator of the largest Internet auction scheme ever prosecuted: Approximately 300 bidders were

defrauded of \$857,776 in computer equipment purchases. Officials say the dollar amounts of these scams are growing at a blistering rate. Even worse, most victims never recover a dime of their money. Many victims believe the online auction sites should reimburse them but the truth is, online auction sites are fairly powerless once a crime has occurred. Also, many victims never report the crime. Like many things in today's world, you are responsible for yourself so if you are a victim of this type of crime you need to report it to the proper authorities right away.

## **10 Ways You Can Protect Your Wallet Before You Make That Next Great Buy at Any Auction Site:**

1. ***The Old Cliché, "If It Looks too Good It Is."*** It's as true today as it was years ago. A Too-cheap price probably means just that. Check retail prices at stores or look at price comparison sites for a realistic number. If it's too cheap or the price is just unbelievable, say goodbye to your cash.
2. ***Location of the Item.*** Many new con-artists list an item for sale here in the US, but after you have agreed on a price reveals that you must wire your money to an overseas location. Dealing with overseas sellers is risky and it can be tough for U.S. Law enforcement to prosecute international cases. Don't send your money to addresses not listed in the original ad. Chances are you just donated your cash to an individual you will never hear from again.
3. ***Go to This Site for a Better Deal.*** If a seller tells you that you can save money if you go to this new website.....all the red flags should go up in your head. If they lure you away from the original auction site, you are being set up. Websites are put up and taken down quickly. These scams get your money quickly and leave no forwarding address.
4. ***Escrow Watch.*** Avoid online escrow services that require you to set up accounts with online payment services. Escrow services are in the business of taking money and should be equipped to do so. If an online escrow service states that they comply with **US Financial and Business Code**, you know it's a phony set up. There is no such code!
5. ***Push Plastic.*** The safest way to pay is by using your credit card. Most credit card companies provide charge-back protections. Don't do business with sellers who say they accept credit cards but later tell you that you must use your credit card to do a wire transfer. Wire transfers of this nature have no protection. The con-artist knows this and is literally banking on the fact that you don't!
6. ***Don't Give out Personal Information.*** I know this sounds simple. But you'd be surprised how often you can be tricked into giving out information like your Social Security number, driver's license, date of birth, etc. Most auction sites don't need this information to process your credit card. If you are required to give this information out or you've been told the auction site will close your account...don't buy it. You are being set up for identity fraud and could lose thousands of dollars before you stop the damage.
7. ***Limit Your Exposure.*** It's not such a bad idea to get a credit card with a low limit. Use this card only for online purchases and your losses will be limited (perhaps \$2,000.00 instead of \$15,000.00).
8. ***Beware of a Competitive Bidder.*** That's right. Many con artists pay a shill to bid up the price of an item. They want you to pay the highest price possible. This is not so different than a live

auction. People find themselves becoming competitive and they keep bidding. Before they know it, they've paid double the price they would have if they'd bought the item anywhere else. If you are the highest bidder many auction sites will require you to follow through or you will be barred from bidding on that site again.

9. ***E-mail or Call the Seller.*** Sounds simple enough. Many times when you call the phone number it's disconnected or the E-mail comes back undeliverable. Both should be warning signs to you that you are dealing with a con artist. Just picking up the phone and dialing the number to ask questions could save you thousands of dollars.
10. ***Print and Save Everything.*** Save everything! Print the seller's identification number, the description of the item you're purchasing, any e-mail correspondence that went back and forth between you, what you paid for the item and how you paid for it. Save everything concerning the transaction. You may need it if you are indeed a victim.

I hope you're never a victim of online auction house crime, but if you are you should to report it to the Internet Fraud Complaint Center, [www.ifccfbi.gov](http://www.ifccfbi.gov). Your complaint will be forwarded to the appropriate law enforcement authorities.

If you want additional information on this topic you can get more tips from the Federal Trade Commission [www.ftc.gov](http://www.ftc.gov).

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