

the search for SCAMMERS

The Internet is a valuable tool for both consumers and businesses. However, as it continues to grow, Internet transactions between countries grow with it, bringing new challenges for law enforcement.

Unfortunately, the Internet has provided a fast and effective medium for scammers seeking to make a fast buck by taking advantage of vulnerable consumers.

The Internet gives consumers easy access to health information but it also provides promoters of fraudulent health products and treatments with that same easy access to consumers all over the world.

This year the ACCC led a world-wide search for cyber health scams by 58 consumer and health protection agencies from 19 countries.

Thousands of websites were searched to uncover shonky health claims in the International Marketing Supervision Network (IMSN) Internet sweep.

The IMSN is a network of law enforcement agencies in 30 countries which aims to prevent and redress deceptive marketing practices with an international component.

Conducted each year by the IMSN, the Internet sweep this year targeted websites offering 'miracle' health products and services, as well as sites promoting legitimate products with claims that the products have properties which don't exist.

Some of the sites assessed promoted oral treatments such as pills; devices; weight loss products; 'cures' for HIV/AIDS, cancer and arthritis; skin treatments such as lotions; folk and traditional treatments; and sexual performance enhancing products.

Of particular concern were products that claimed to be a cure for serious or life threatening diseases such as cancer and HIV/AIDS. Also attracting concern were products that advertised a delayed effect, forcing consumers to make an additional purchase before seeing any evidence of the effectiveness of the product.

Sweep facts »

More than 1400 suspicious websites (77 in Australia) were identified all over the world. Of these:

- » 48.5 per cent used testimonials to sell the product or service, and only 38.6 per cent of these testimonials claimed to be relevant experts or professionals
- » only 37.7 per cent made reference to clinical studies or scientific experiments
- » 13.2 per cent claimed approval or authorisation from an official agency (52.6 per cent of these from an agency outside their own jurisdiction)
- » costs of the products ranged from US\$0.86 to US\$6930.90.

Some websites have already received email warnings from law enforcers. Others will be investigated further and action, including administrative settlements, enforceable undertakings and in some cases, court action, will be taken.

ACCC Commissioner, Sitesh Bhojani, said health scams not only waste consumers' money but in extreme cases may harm their well being.

'Worryingly, there seems to be a belief in some quarters that the Internet means "anything goes" and the business medium is a "free for all". This is not true and suggests a misunderstanding or ignorance of the consumer protection parts of the Trade Practices Act and equivalent fair trading acts of the states and territories.

'The IMSN is a valuable forum for addressing scams of this nature, and the ACCC is happy to be playing its part in helping to stamp out Internet fraud.'

To make it easier for people to understand the role of the network it is likely to change its name in 2003 to International Consumer Protection and Enforcement Network (ICPEN).

Sweep strikes around the world

Actions coming out of the sweep include Biopulse Inc, which has settled Federal Trade Commission charges in the USA against Biopulse's Internet advertising of therapies claiming to treat cancer and other serious diseases. Court action was raised with 11 traders in New Zealand, most of whom settled law enforcement concerns without going to court. The

Portuguese Consumer Institute's actions led to four websites being deleted entirely.

The Swedish authorities have reached out-of-court settlements with 14 businesses, including ceasing to supply the identified products. The Austrian Consumer Protection agency obtained undertakings from two businesses, and took another business to court. Switzerland has shut down various websites and commenced legal action against one business.

Testimony baloney

The use of fake or unsubstantiated testimonies on many suspicious websites prompted this warning from the IMSN.

'Do not be persuaded by testimonials alone, as there is no way of verifying that they are legitimate. Rather, speak to a health professional or seek independent evidence. If you feel that you have been the victim of a cross-border health scam over the Internet, report your complaint to IMSN members at <<http://www.econsumer.gov>> so that IMSN members can use the complaints to decide whether to take law enforcement action.'

ACCC Commissioner and current IMSN President, Sitesh Bhojani, said health is a person's most valuable asset.

'Businesses that prey on consumers with a special vulnerability such as an illness will not be tolerated by the IMSN.'

'The level and frequency of cooperation between members of the IMSN is growing.'

'Sweeps are not just an information gathering exercise. They help consumers through the provision of information, and lead to law enforcement action by agencies in up to 30 countries in Europe, North America, and the Asia-Pacific region.'

Belgian authorities reached out-of-court settlements with seven businesses, closed down six websites, and issued fines to two businesses. French authorities have taken legal action against three traders. Investigations and cases are still open in USA, Denmark, New Zealand, Australia, Sweden, Austria, Switzerland, France, Hungary, Japan, UK and Belgium.

If it sounds too good ...

In Australia, with the assistance of state fair trading authorities, Commonwealth Therapeutic Goods Administration and state health complaints offices, the ACCC has reached out-of-court settlements with:

- a business based in Sydney promoting pheromone products claiming the benefits of increased eye contact, smiles, dates, sex and self-confidence
- a Victorian business promoting the use of magnetic fields and colloidal silver suspended in water to cure AIDS and boost the immune system



- a Perth business promoting lamps made from salt crystals as being 'used by health practitioners for many years to enhance immune systems', when this claim could not be substantiated
- businesses in New South Wales and South Australia promoting magnets and magnetic devices as effective in treating headaches, back injuries, circulation problems, insomnia, arthritis and sprains
- a Melbourne business claiming to test, diagnose and treat ageing, thereby reversing the ageing process
- a Victorian business marketing a multi-coloured shirt claiming to relieve stress, make the wearer more intelligent and perceptive, improve concentration, allow the wearer to continuously exercise, and stimulate and strengthen the immune system
- a New South Wales business promoting computer software designed to assist visualisation and affirmation techniques claimed to treat disease
- a Queensland business promoting herbal products for 'curing colds overnight', and curing hangovers, morning sickness, and stomach ulcers, as well as adjusting menstrual cycles to make them more regular and reversing the effects of osteoarthritis
- a Queensland business promoting colloidal silver as being a treatment for gastritis, malaria, parasitic infections, psoriasis, and yeast infections
- a New South Wales business promoting a slimming device

claiming to 'tone your muscles in a one hour session (where you lie down) to the equivalent of a seven hour workout in the gym'.

All representations have been removed from the website entirely or altered after proposed court action by the ACCC. Some websites were deleted from the world wide web without any further action. The ACCC still has investigations and cases underway and if its concerns are not addressed satisfactorily or the issue is particularly serious it will take matters to the Federal Court.

Meanwhile the ACCC has filed in the Federal Court asking for injunctions, corrective statements and refunds against Transformation 2012 concerning website claims to treat or assist in curing cancer, AIDS, diabetes, herpes, hepatitis, flu, asthma, migraine, MS, discoid lupus, and chronic fatigue. The site also clearly targets consumers in other countries.

A parting shot

In a warning to online traders, ACCC Commissioner Sitesh Bhojani said anyone trying to evade prosecution by locating in other jurisdictions had 'better watch out'.

'IMSN members are also taking actions based on consumer complaints to econsumer.gov, which has received more than 2500 complaints from consumers around the globe since its launch in April 2001.

'This network of law enforcers will not tolerate misleading or fraudulent activity. The IMSN is expanding in numbers and will cooperate more in coming years.'

avoid health fraud

IMSN agencies provide the following tips to avoid health fraud: »——

- » if it sounds too good to be true, it probably is
- » beware of products or treatments that are advertised as quick and effective cure-alls for a wide range of ailments or for an undiagnosed pain
- » be cautious of testimonials claiming amazing results
- » watch out for promoters who use phrases such as 'scientific breakthrough', 'miraculous cure', 'exclusive product', and 'secret ingredient'
- » before you buy, consult your pharmacist, doctor or other health professional.

Consumers who believe they have been the victim of a health scam on the Internet can report the matter to IMSN members at <<http://www.econsumer.gov>> or the ACCC Infocentre on 1300 302 502.