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SCAM REFUNDS

THE ACCC is calling on cheque transfer companies to play a greater role in helping to shut down the activities of scammers targeting Australian consumers.

The ACCC recently succeeded in freezing \$300 000 of funds from victims of 37 different North American-based scams. The scams were uncovered with the help of a number of agencies, including the Queensland Police Service. An astute Adelaide-based credit union employee alerted authorities initially when he became concerned that a customer appeared to be making numerous small payments to overseas lotteries.

Many such scams rely on legitimate cheque transfer companies to process the money they manage to extract from victims around the globe. They also mimic the direct marketing of lottery schemes and sweepstakes where actual tickets may be purchased and small prizes such as costume jewellery can be sent out. In one case, a victim was even sent a basket of fruit.

Once a victim responds to a scam letter or email telling them they have won a prize, they are asked to pay a small amount to 'process' their winnings. They are also assured of further

winnings in lotteries and are led to believe that after a few more steps—and payments—their large winnings will be transferred.

In reality, the scammers simply collect the numerous small fees from victims and attempt to string them along for as long as possible to extract the largest amount of money possible.

The difficulty for scammers is that they find themselves with hundreds of cheques for small amounts in various currencies—which is when they turn to transfer companies.

The cheques are sent off in batches—in this case by the box-full—to the transfer companies, which essentially buy the cheques for less than their face value and make their money through processing the funds.

The 37 alleged scam promoters identified in the current investigation turned to Pacific Network Services to shift their money around the world. When contacted by the ACCC, Pacific Network cooperated fully—it severed ties with the promoters and paid the money identified into a trust fund to be redistributed to victims.

Without the services of cheque processing businesses it would be extremely difficult for scammers to access the money mailed in

from victims. While the ACCC applauds Pacific Network Services for its cooperation and rapid response, more vigilance in screening customers may have prevented many Australians losing their money in the first place.

Sadly, the \$300 000 of frozen funds represents only a portion of the millions of dollars sent by consumers to fraudsters every year, and it may not cover all the money lost by some victims.

All businesses need to be vigilant that they are not contributing to crime by inadvertently assisting scammers to squeeze money out of the most vulnerable members of our community.

Proceeds of \$310 741 from the North American scams have been paid into a trust fund, which was administered by Niche Government Consulting Assurance.

To claim a refund, consumers had to provide acceptable proof that they paid money to one of the listed scams between 1 March 2006 and 28 February 2007.

Further details and general advice on protecting yourself from scams is available on the SCAMwatch website (www.scamwatch.gov.au). ●