

Mass-marketed advance fee fraud scams are a global problem and target everyone. One of the best ways to stop scammers from succeeding is to raise awareness of their tricks and traps—by reminding people that ‘if it seems too good to be true, it probably is’.

Scams: Not if, when ...

Each year it is likely that about one in 20 Australians will be defrauded through fake lotteries, pyramid-selling schemes, fake ‘phishing’ emails and other scams. The issue is not whether you or someone close to you will be targeted by a scam but when it will happen—and whether you will be prepared to deal with it.

The Australian Competition and Consumer Commission is working on a number of levels to combat scams. A key tactic is to raise awareness in the community of how scams work so that people can better protect themselves and their families, friends and colleagues.

We’ve surely all heard of the infamous inheritance letter scam and its variations, a type of mass-marketed advance fee fraud, but scammers are becoming increasingly ingenious and sophisticated in their approaches.

Mass-marketed fraud operations are often linked to or structured as professional organised crime syndicates. The industry is sophisticated and includes telecommunications experts and specialists for hire, such as brokers selling ‘lead lists’ or ‘sucker lists’ of people identified as vulnerable.

Disrupting scam activity is difficult. Scammers are often based in a different country to their victims, often move quickly within and across borders and use countermeasures to disguise their locations and tracks. A key way to disrupt scams is to make people more aware of them, including by spreading the general

message that, if the offer seems too good to be true, it probably is, so don’t respond at all to unsolicited offers.

Mass-marketed advance fee fraud reports accounted for more than half of all scam reports made to the ACCC last year—a staggering 10 000 complaints about mass-marketed advance fee fraud were made to the ACCC in 2009.

A recent Australian Bureau of Statistics study found that in one year more than 800 000 Australians aged 15 and over—about 1 in 20—were the victims of fraud and about half of these people lost money—a sobering \$977 million.

But this is just the tip of a nasty iceberg. Victims often don’t report their losses to scams because they are embarrassed, fearful, depressed, shameful, and worried that family and friends will think less of them.

Across the world, authorities have found that the effects of being a scam victim range from small monetary losses and feelings of embarrassment to more serious impacts such as depression and alienation, significant scam debts have even enticed victims to travel overseas, at which point they have been kidnapped and held for ransom.

Please Enter Your Credit Card Number.

Scammers target everyone and save their most heinous tricks for the most susceptible, often following up a successful scam with another that purports to be an offer of official assistance to retrieve money lost, or continuously appealing to the scam victim's most basic human emotions in order to gain more and more money.

A recent case study from the Threat Assessment report released in June by the International Mass-Marketing Fraud Working Group (the Working Group) showed the devastating effects

of mass-marketed advance fee fraud:

'A retirement-age man who lives in Australia lost more than \$6.1 million to an investment scheme. The man, who had been a successful businessman before the fraud, eventually admitted to authorities that he could no

longer walk to the bus stop in his neighbourhood because each time he did so he felt a temptation to step in front of an oncoming bus.'

The Working Group includes the United States Department of Justice and Federal Bureau of Investigation, the United Kingdom Office of Fair Trading, Europol, the Nigerian Economic Financial

Crime Commission and the Australian Competition and Consumer Commission. The Threat Assessment report says millions of consumers and businesses around the world are

being fleeced of tens of billions of dollars by mass-marketing frauds, perpetrated through mass communication channels such as the internet, mass mailings and the telephone.

The ACCC recently participated in a Working Group initiative,

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a global awareness day called 'Think Fraud!' The initiative aimed to increase awareness about mass-marketed advance fee fraud and its painful impacts.

To support Think Fraud! day, the ACCC commissioned a follow-up survey from its 2009 Scam Activity Report (see Update, April 2010) to look in more detail at consumers' experiences with scams. The April 2010 survey of callers to the ACCC's Infocentre confirmed the sophisticated nature of advance-fee fraud scams, which were often disguised in legitimate online dating or online shopping websites. The survey will help the ACCC education activities to increase awareness about the dangers of scams and how consumers can better protect themselves.

For more information about mass-marketed fraud, to obtain a copy of the international Working Group's Threat Assessment or to report a scam, visit www.scamwatch.gov.au or call 1300 795 995.

Mass-marketed advance fee fraud, exemplified by the infamous inheritance letter scams, is a global problem with serious local effects. Two recent matters dealt with by the ACCC illustrate the global nature of scams. Last year cooperation between Australian and US agencies led to an online medical book scam run by two people from New South Wales being shut down. Globally, the scammers had sold more than 60 000 books, which, according to the ACCC's expert evidence, advocated measures that would not have any therapeutic benefits for, or medical efficacy in, the treatment of the health conditions targeted. The scam was brought to the ACCC's attention by the Washington State Attorney-General's Department, which also took proceedings against the man and woman in the US.

In Australia, the ACCC also cooperated with the NSW Police, resulting in one of the scammers, Aaron David Smith of Cecil Hills, being sentenced in July to 15 months periodic detention for obtaining benefit by deception.

Earlier this year, the ACCC moved to disrupt an apparently overseas-based telemarketing scam, touting a carbon-credit investment opportunity, fleecing consumers out of a reported \$3.5 million.

The telemarketers made calls to Australian businesses and individuals asking their views on environmental issues and whether they would consider investing in environmental projects. Those who expressed interest were later contacted by a representative from WesternField Holdings Incorporated and offered the opportunity to invest in projects generating carbon credits. The scheme was backed up by professionally presented websites. The ACCC received reports that investors had not been able to obtain their 'investment certificates', sell their investments or obtain refunds.

The ACCC identified and contacted people who had already transferred money to the scheme, had media releases advertising the scheme removed from websites and worked with state police to alert banks to intercept payments to certain accounts.

However, people should not just be wary of offers apparently from overseas. In April, as a result of ACCC action, the Federal Court of Australia declared that an Australian-based scammer whose company had claimed it had a secret method to predict future Powerball lottery draws had engaged in misleading conduct. The court ordered that the scammer and the company pay almost \$50 000 in compensation, following on from earlier orders freezing related bank accounts.

Don't get scammed

If it looks too good to be true—it probably is.

ALWAYS get independent advice if an offer involves significant money, time or commitment.

Remember there are no 'get rich quick' schemes: the only people who make money are the scammers.

If you are going to reply at all to an offer that you believe is legitimate, do not agree straight away: tell the person that you are not interested or that you want to get some independent advice before making a decision.

You can contact your local office of fair trading, the Australian Securities and Investments Commission or the Australian Competition and Consumer Commission for information.

NEVER send money or give credit card or online account details to anyone you do not know and trust.

Check your bank account and credit card statements when you get them. If you see a transaction you cannot explain, report it to your credit union or bank.

Keep your credit and ATM cards safe. Do not share your personal identity number with anyone. Do not keep any written copy of your PIN with the card.

For more tips about scam awareness, see the 'How to Protect Yourself' link at www.scamwatch.gov.au.

