



# Scam Gram!

Keep the sharks at bay

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SCAM GRAM is Consumer Action's monthly e-newsletter alerting you to the dirtiest players in the world of tech fraud, credit card scams, ID theft and general con-artistry. Don't be fooled by liars, cheats and crooks—wise up with SCAM GRAM!

## Credit where credit is due

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When [it's discovered](#) that two of the three major credit reporting agencies (Equifax and TransUnion) have been deceiving and taking advantage of consumers, you have to give credit to those responsible for putting an end to such wrongdoing—in this case, the Consumer Financial Protection Bureau (CFPB). The CFPB is the federal agency that investigates and punishes this type of bad behavior in the marketplace. (Unfortunately, because of the bang-up job it's doing, the bureau is [under attack](#) by many big-business cronies in the new Congress and Administration.) So what did the CFPB discover about the credit reporting agencies? Put simply, they had not only been misrepresenting the importance of the credit scores they sold to consumers, but also tricking consumers into enrolling in paid credit-related products and services (while advertising said stuff as free). As *The Atlantic* succinctly states, "Many lenders use only the data from these [three] providers to determine whether someone can get a loan and how much interest they will pay." This is why it's critically important, from a financial perspective, for consumers to understand their scores. However, contrary to what Equifax and Transunion would have consumers believe, lenders essentially use a *combination* of scores from the three providers. In addition, lenders use official scores from the providers and not the type of "educational" scores that Equifax and TransUnion were selling. Finally, the array of information that goes into a decision to provide credit can vary from lender to lender. So while it's good to get your [free credit score](#) (don't use any "free score" service that asks for a credit card!), be wary that the scores you receive might not be the exact ones that lenders and businesses look at. Just take the big number with a grain of salt and use your score as a baseline to build, or maintain, good credit. And if you've used Equifax or TransUnion lately, check your mail: The companies have been ordered to pay millions in restitution to those impacted by their shenanigans.

## Death and taxes

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A founding father once said that there are only two sure things in life: death and taxes (what an optimist!).

We'd like to add one more: tax scams. According to the Better Business Bureau, they've topped the list for the type of scam most reported over the last year, and they're becoming more sophisticated every day. Because of this, the IRS continues to ramp up its work to address identity theft and refund fraud and has recently announced "new and expanded safeguards" for taxpayers in the upcoming 2017 season, revolving around "trusted customer features that will help ensure the authenticity of the taxpayer and the tax return—before, during and after a tax return is filed." You can [sign up](#) for the IRS tax tips and get these nuggets of wisdom delivered to your inbox. Yes, it's true, you could be the recipient of knowledge pills like [this one](#), which informs you that the electronic PIN you may have created a couple of years ago will now be required alongside your e-signature. Or [this one](#), which details what to do if you receive a tax refund or transcript you didn't request. Hey, we know it's not super captivating reading, but if you're looking for drama and excitement, go see Hamilton. Trust us, you don't want to be the main character in a story arc featuring you: the next tax scam victim.

## *Not another gift card!*

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Did Santa bring you yet another gift card for the holidays? And is that gift card one that fails to inspire? You might be interested in swapping it for a better one or getting some cash for it. Fortunately, there now exists a [plethora of websites](#) to allow the disappointed (or ungrateful, as my mom would say) a second chance at gift bliss. Unfortunately, some of the sites are rife with scammers. Let's take Craigslist (or any generic classified or auction site really, which you shouldn't use for selling/exchanging cards): If someone is offering to buy your card and they want the card number or PIN or they ask you to text them the card number, they're going to use those numbers to drain the card before you see a penny in return. And while most upstanding online card resellers accept the codes on the cards (as opposed to the actual plastic, in the interest of saving time shipping the cards), scammers can still give you the number and then quickly use the card themselves before you get around to it. Reputable companies will always verify the balance of any gift cards you are considering buying and offer guarantees that any transaction you make using their site is legitimate and verified (and that they will pay you back if anything goes wrong). And you can always visit BBB.org to research the reputation of gift card exchange sites. As a side note, it's important to have a realistic grasp on what you can and cannot do with gift cards. (We would think it goes without saying, but [you cannot buy](#) a car or a boat with an Amazon or iTunes gift card, but some scammers will ask you to anyway. Don't do it!)

## *The mind of a scammer*

**MyPillow is full of fluff.** The Better Business Bureau [just rated](#) specialty pillow provider MyPillow an "F" for consumer un-Friendliness due to their never-ending sale-that-wasn't-really-a-sale and their full-warranty-that-wasn't-actually-full. So how did MyPillow's unrepentant mustachioed inventor justify the false advertising? "I had to make a decision as a CEO and I'm going to live with that decision I made," he said (on the record). According to CBS News, the sketchy CEO also claims "his pillow company is really just a platform for a bigger cause—a foundation he is setting up to help those in need worldwide." We'll believe such puffery when we see it.

**Indian informants.** We know a lot about how a massive Indian call center was recently busted by the U.S. and Indian governments (leading to an equally massive decrease in IRS scam calls to the U.S.), but what we didn't know was how the scammers could look themselves in the mirror every morning after bilking

hundreds of millions of dollars (collectively) from innocent Americans. Thankfully, the *New York Times* satisfied our curiosity, recently [interviewing](#) the scammers, who claimed they felt preeeeeetty guilty about what they were doing (although they say they badly needed the money at the time). How did they get away with the scam? “The key to the whole thing,” one ex-scammer said, “was a psychological fact: Americans fear their state... We just needed to tell them, ‘You are messing with the federal government’.” Yikes!

**Everything but the kitchen sink.** If you really want to get into the mind of a master scammer, you’ve got to read about two of the most prolific (and wacky) self-help hucksters: [Napoleon Hill](#) and [Joseph Mercola](#). Hill hawked fake student loans, bogus charities, cults, “immortal babies,” get-rich-quick schemes and a variety of self-help schlock. Mercola, meanwhile, has been ordered by the FDA to stop making illegal claims as part of the “alternative-health empire organized around his namesake website, [Mercola.com](#).” According to a former Mercola employee, “There was a short period where [Mercola] was recommending not showering after being in the sun because it would wash off the vitamin D, or something like that.” We’re glad to expose his BS to the sunlight.

## *Tips!*

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- **The grim reaper—NOT!** Don’t worry, you’re not going to die anytime soon (well, we hope not, anyway). However, a [popular scam](#) that’s spreading via text message and email would have you believe that your life is in imminent danger. The message purports to be from a professional assassin that has been “paid to kill you.” Don’t waste your life clicking on any links within the message that could unleash a virus or ruin your life; kill it instead by hitting “delete.”
- **Malware e-cards.** Valentine’s Day will soon be upon us, and the only thing worse than forgetting the date is sending your object of affection an e-card chock full o’ malware and viruses. Learn [what to look for](#) to avoid being the sender (or the recipient) of such unwanted affections.
- **Time to wise up.** Do you own a timeshare? And is it in a tropical locale? And do you need someone to house-sit for free? (Sorry, got carried away!) If you do own a timeshare, the Federal Trade Commission (FTC) [warns](#) of bogus resellers (claiming to be real estate agents and the like) who would “help” take it off your hands by charging thousands in unnecessary fees to sell it. Don’t be a reseller’s sucker; learn what to look out for.
- **Resolutions galore!** Numbered lists are, apparently, almost as popular as New Year’s resolutions. Fortunately, the advice in these lists is easier to abide by than your new low-carb diet. Kick off the year by learning about the [top five](#) most common scams, the [10 ways](#) to avoid future scams and the [eight](#) additional cost-free steps to avoid becoming a victim in 2017.
- **What’s up with WhatsApp?** Got bugs? Apparently WhatsApp, the free internet-based messenger app for smartphones, does. It’s [suffering](#) from a bevy of hoaxes intended to trick you into giving up personal information. From messages that pop up promising “free internet” to others threatening to deactivate the service if you don’t forward the threat to everyone on your contact list, the message is loud and clear: Proceed with caution when using this messaging app.
- **Hey Yahoo, what’s your number?** You might be shocked to hear that any phone number associated with the internet giant’s “customer support” is fake. That’s right, Yahoo [doesn’t want](#) you to dial them up

with your issues; they prefer you reach out via email, chat, social media, online help articles or their community help forums. Yahoo is also suffering the fallout from a major security breach, so if you've ever had an account with them, now's the time to change your password.

● **Trump U pays you.** If you were a Trump University apprentice, you might end up recovering about half of the tuition you dumped into the scandalous, fraudulent for-profit. U.S. District Judge Gonzalo Curiel [just gave](#) the ongoing, notorious class action settlement the green light to proceed. (A final approval hearing is set for late March.) Sad!

Thanks for reading SCAM GRAM and, as always, feel free to send us your questions, comments and tips. [Click here to email us.](#)

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*Consumer Action empowers low- and moderate-income and limited-English-speaking consumers nationwide to financially prosper through education and advocacy.*

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