



# Scam Gram!

Keep the sharks at bay

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A Consumer Action News Alert • November 2016 • [www.consumer-action.org](http://www.consumer-action.org)

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!

## *A friend in need*

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They say a friend in need is a friend indeed. That might be what our friends who ask (pressure?) us to join multi-level marketing (MLM) “opportunities” with companies like Rodan + Fields makeup, Jamberry nail wraps, ViSalus weight loss products and Herbalife nutritional supplements would like us to believe. Recently, Comedy Central's John Oliver turned his laser wit on MLMs, blasting them as little more than pyramid schemes. The comi-tragic [segment](#) spotlighted the devastation MLM programs have wrought on the lives of (often low-income, minority) consumers who purchase the products upfront only to lose money when they can't sell them. Because the Latino community is targeted at an alarming rate, Oliver and crew created a version of the exposé in Spanish. (Si habla español, entonces debería [ver el video](#) y compartirlo con sus amigos.) To illustrate the MLM pyramid, Oliver focused on Herbalife, which made \$4.5 billion in sales in 2015 alone. (Man, that's a lot of stuff sitting in people's garages!) Herbalife has also made some outrageous claims about its products and its value to recruits, incurring a \$200 million fine from the Federal Trade Commission. Essentially, MLM companies like Herbalife (or your MLM-pushing friends) promise you respect, independence and riches beyond your wildest dreams through your own (often unprofitable) direct sales and the sales of those poor souls that you recruit. Watch the video to find out more about how you actually *lose* money (and possibly, friends) when you sign up.

## *Count your blessings*

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It's been a busy year for blessing scammers—Chinese nationals who enter the U.S. illegally and target Chinese citizens who want to believe that these scammers are able to “bless” them with good fortune (for a pretty penny). If this seems strange to Western audiences, *The New York Times* [explains](#) how “blessings, superstitions and notions of karma are embedded in Chinese culture, extending from rituals in Buddhist temples to local fortune tellers.” One professor of Asian studies went on to add that checking in with a fortune teller before making decisions is just as common for some people from rural China as consulting

with a shrink is for your average Manhattanite. So it's no surprise that Chinese immigrants, particularly the elderly, have been giving thousands of dollars in cash and jewelry to scammers like Xuekun Su, who last month was arrested for bilking a 61-year old woman (who wanted to steer clear of a threatened family curse) for \$140,000! As the chief executive adviser for the Chinese-American Social Services Center in New York City points out in the article, "The people who scam people are very smart. They pick up their targets in the supermarket, or the doctor's office or at the bakery, listening in on their conversations." While it appears these eavesdroppers are waiting to pounce in major cities [across the U.S.](#), officials hope that through citywide education and outreach efforts, more and more Chinese immigrants will take luck into their own hands and say no!

## ***Gift card scams***

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I know we've mentioned various prepaid/gift card scams before, but this type of scam is so prevalent now that it deserves its own feature. Gift card scams can happen in a variety of ways. Take [this couple](#) who put \$1,000 down on a pair of Nordstrom cards only to have the money instantly disappear, sucked away by a scammer who literally had their number. Or the [many people](#) across the country who have been persuaded by scammers to buy Green Dot MoneyPaks and reveal the account numbers of these reloadable prepaid debit cards, which are then quickly drained of funds by the thieves. And then there's the infamous threatening phone call from a scammer pretending to be a government agent, law enforcement official or debt collector. The scammer demands that you pay back taxes, your utility bill, overdue fines or any number of things via, say, an iTunes gift card (a [popular method](#) right now). As you can see, the opportunities for falling for this type of scam are legion, so the minute someone asks you to put money on a gift or prepaid card or give out any numbers associated with said card, alarm bells should go off. It's also important to find out what, if any, fraud protections the card offers before you purchase it, just in case a scammer has already written down the card number and is eagerly awaiting the day you deposit funds.

## ***Catch them if you can***

**Con you believe this?** One of the world's most wily criminals, who inspired the movie "Catch Me If You Can" (starring Leo DiCaprio), turned away from the dark side and began workign as a consultant to not only the FBI but corporations and non-profits across the globe, advising them on how to avoid being defrauded by people like him. While his days posing as an airline pilot are over, the man still gets around. You might catch him at a speaking engagement near you or stumble upon his handiwork, like this "[Catch the Con Quiz](#)."

**Missing something?** Last month we told you about how officials raided a Southeast Asian call center that pretty much was the epicenter of those obnoxious fake IRS calls. This month, we've got great news to report: If you haven't heard from any IRS scammers lately and you're wondering what's up, their absence is reflective of the [95 percent drop](#) in reported calls since the raid!

**Housing crisis.** Last summer, the Federal Trade Commission (FTC) caught two law firms offering phony mortgage relief programs (as usual, for a price) to struggling homeowners, most of them Spanish speakers located in Southern California. At the FTC's request, a federal court temporarily [halted the scheme](#), and the agency seeks to permanently stop the alleged illegal practices and obtain refunds for consumers. The FTC has released an [alert](#) to educate consumers who could fall victim to mortgage relief scams.

'Let me upgrade ya'. Looking to sell that crusty old iPhone 5 for a brand new model? Be careful about buyback programs. A federal court [just stopped](#) one such company (which did business as CashForiPhones.com and a bunch of other websites) because it was offering consumers big money for their devices online, but once the phone owners sent them in, the scammers replied with a low-ball offer and a dubious explanation for it.

## Tips!

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- **#StayWoke.** November 13-19 is International Fraud Awareness Week. And it couldn't come at a better time, as fraudsters and those working with them (like [this](#) Canadian payment processing company) are getting busted across the globe for their vile acts. Learn more and sign up to support fraud week [here](#).
- **Guilty conscience.** Hopefully you're not cheating on your spouse. But if you are, it makes you a whole lot more susceptible to the [latest](#) scam: blackmailers sending letters alleging that they know about your "infidelity" and demanding money via the digital currency Bitcoin. While this scheme seems to be particularly prevalent in Pennsylvania right now, it could quickly spread.
- **Security nonessentials.** Microsoft is [alerting](#) users to "severe" warnings on their computers followed by the dreaded blue screen of death, all caused by installing a fake version of the company's Security Essentials software. The crash prompts the panicked user to call a 1-800 number that pops up promising to send them to Microsoft support techs. Instead, it delivers them straight to the scammers, who, guess what, ask for a credit card number to fix the problem.
- **Travel nightmare.** The National Consumers League's Fraud.org has issued another timely [alert](#), this time warning road warriors about the upcoming holiday travel season. Things to watch out for in the next couple of months include bogus hotel booking sites, stolen frequent flyer miles, overcharging taxi drivers and seemingly innocuous "free Wi-Fi" hotspots run by crooks.
- **Top five veteran scams.** Veterans Day has come and gone, but we think it's important to fight for the men and women who fought for us by alerting them to scams all year long. Accordingly, we want to [share](#) the AARP Fraud Watch Network's recent warning about the top five veteran scams currently in operation. Pass it on, soldier!

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

Use our ["Tell a Friend" page](#) to let your friends know they can sign up for their own copies.

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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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