

savvy CONSUMER

Consumer News & Information

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From the Desk of Director Cordell



The Division of Consumer Affairs has been very busy the first half of 2011.

As we continue to improve the processes by which we interact with consumers and businesses in resolving complaints, we are also making great strides in providing better education and timely information to the public.

Technology is one such tool that we are using to better communicate our message of being the “clearinghouse” for consumer complaints. Our office

has recently upgraded our entire computer system, along with much-needed software updates that enable our staff to collect more accurate data and reduce the time it takes to resolve problems.

You may have noticed our new logo for Consumer Affairs. This new look is one of many changes we will be unveiling throughout the coming months that will enable us to establish our identity in marketing the services and assistance we provide to consumers.

We encourage everyone to visit our updated website at www.tn.gov/consumer to view other exciting changes being addressed at the Division of Consumer

Gary Cordell

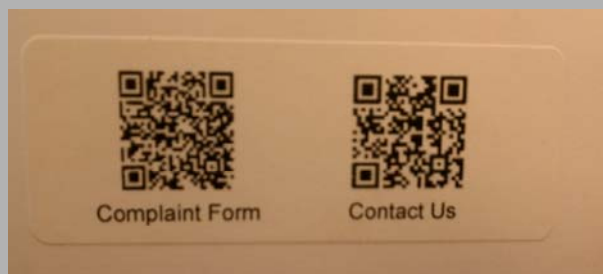
Director of Consumer Affairs

QR Codes Allow Consumers Quick Access To Website and Complaint Forms Using Smartphones



Consumer Affairs is excited to announce that the Division has begun adding QR coding on the back of business cards and brochures. The codes, when scanned by smartphones equipped with QR applications, direct users to Consumer Affairs' website or online complaint form.

With technology changing every day, the Division is also changing to better serve the public.



Wiring Money Scams

Scammers are always thinking of new ways to persuade consumers to send them money. However, many of them involve asking you to wire money through companies through companies such as Western Union and MoneyGram.

Why do scammers want you to wire money? Because it's like sending cash. They get the money quickly and you can't get it back. There's no way to trace the money and money wired to other countries can be picked up at multiple locations.

When wiring money, always remember:

- ◆ Wiring money is like sending cash. Once it's sent, you can't get it back.
- ◆ Never wire money to strangers or someone you haven't met in person.
- ◆ Never agree to deposit a check from someone you don't know and then wire money back.

Money wiring scams can involve dramatic or convincing stories, including:

- * **Lottery and sweepstakes scams.** You receive a letter saying you won a lottery and all you have to do is deposit the enclosed check and wire the money for "taxes and "fees."
- * **Overpayment scams.** Someone answers the ad you placed to sell something and offers to use a cashier's check, personal check or corporate check to pay for it. The buyer asks to write the check for more than the purchase price, telling you to wire back the difference. The fake check will bounce.
- * **Mystery shopper scams.** You are hired to be a mystery shopper and asked to evaluate the customer service of a money transfer company. You get a check to deposit in your bank account and instructions to withdraw the amount in cash and wire it, often to Canada or another country, using the service. When the counterfeit check is uncovered, you are on the hook for the money.
- * **Online purchase scams.** You buy something online and the seller insists on a money transfer as the only form of payment that is acceptable. Insisting on a money transfer is a signal that you won't get the item, or your money, back.
- * **Apartment rental scams.** When searching for an apartment, you find a great place for a great price. The apartment is yours if you wire money for an application fee, security deposit or the first month's rent. Once you wire the money, it's gone. There never was a rental. A scammer likely hijacked a real rental listing by changing the contact information and placing the altered ad on other sites.
- * **Advance-fee loan scams.** A website or telemarketer guarantees a loan or credit card regardless of your credit history. When you apply, you find out you have to pay a fee in advance. If you have to wire money for the promise of a loan or credit card, you're dealing with a scam artist.
- * **Family emergency or friend-in-need scams.** You get a call or email from someone claiming to be a family member or friend who says they need you to wire cash to help fix a car, get out of jail, leave a foreign country, etc. However, it's likely a scammer using a relative's name. Check the story out with other people in your family. You can also ask the caller some questions about the family that a stranger couldn't answer.

In some cases, agents of the money transfer company have been in on the fraud. The Federal Trade Commission (FTC) found that between 2004 and 2008, agents of one wire transfer company helped fraudulent telemarketers and other con artists trick U.S. consumers into wiring more than \$84 million within the United States and to Canada alone.

Get Recall Updates!

There are six federal agencies that issue product recalls to promote consumer safety. To view the latest recalls and/or sign up to receive e-mail notifications when recalls are issued, please visit www.recalls.gov.



Opt Out!



You can stop receiving pre-screened offers of credit and insurance by "Opting Out."

Call **1-888-5-OPTOUT**

or

Visit www.optoutprescreen.com

International Scams

Scams and fraud are a big source of income for international crime rings. Con artists reach out to potential victims by mail, phone, email and through the Internet. These con artists trick consumers into sending money or giving out personal information. According to the Federal Trade Commission (FTC), Americans report losses of more than a billion dollars a year to these frauds. Con artists can be clever, but their scams can be avoided by knowledgeable consumers.

To stop a scam:

- Like we said a page ago, wiring money is like sending cash. You can't get it back.
- Don't send money to someone you don't know.
- Don't respond to messages that ask for your personal or financial information. Don't click on links in messages from people you don't know.
- Don't play a foreign lottery. First, it's illegal to play foreign lotteries. Second, you can't win a lottery or contest you haven't entered. If you respond to a message that you have won a lottery, you will be asked to pay for "taxes" and "fees" to collect your prize.
- Don't agree to deposit a check from someone you don't know and then wire money back. You are responsible for the checks you deposit. When it turns out to be fake, you are responsible for paying the bank back.
- Read your bills and monthly statements regularly. Scammers steal account information and then run up charges or commit crimes in your name. Dishonest merchants sometimes bill you for monthly "membership fees" and other goods and services you didn't authorize.
- In the wake of a natural disaster, give to established charities rather than ones that seem to have started overnight.
- Talk to your doctor before buying health products or signing up for medical treatments. Buy prescription drugs only from licensed U.S. pharmacies. Otherwise, you could end up with products that are fake, expired or mislabeled.
- Remember there is no such thing as a sure thing. If you are contacted by someone promising a low-risk, high-return investment opportunity, stay away.
- Know where an offer comes from and who you are dealing with. Try to find a seller's physical address and phone number.

From the desk of Attorney General Bob Cooper



New State Law Gives Law Enforcement Authority to Remove Synthetic Drugs

A new Tennessee law is strengthening state and local law enforcement's efforts to combat dangerous new synthetic drugs marketed under harmless-sounding names such as "bath salts" and "plant food." My Office has joined forces with the District Attorneys of Tennessee to spread the word that these substances sold as a legal way to get high are both illegal and extremely harmful. Legitimate businesses should remove them from their shelves. Individuals need to stop using them.

In the ever-changing war on drugs across the country and in Tennessee, authorities have discovered that these synthetic drugs are growing in popularity and are being sold broadly from music festivals to local convenience stores. The products are labeled "not for human consumption" but have been widely promoted on the Internet and in chat rooms as alternatives to ecstasy, cocaine or other controlled substances. The Internet-based ads target young people with flashy symbols in bright colors on their tie-dyed packages. These recreational drugs have caused severe physical and psychological side effects in a number of cases.

In March, my office's Law Enforcement and Special Prosecutions Division — working with the Department of Agriculture, Tennessee Bureau of Investigation and other law enforcement agencies across the state — obtained a restraining order and authorization for a statewide seizure of "Molly's Plant Food" and other phony plant food products. Because possession or sale of these synthetic drugs was not illegal at that time, we filed a civil suit successfully arguing that the stores in which the products were sold had not registered them, as requested by the state Department of Agriculture, as fertilizer.

Police departments seized roughly 10,000 packets of Molly's and other fake plant food packages from stores across the state to stop the growing public health hazard while my Office worked with other authorities to sort out the legal loopholes.

In the absence of criminal legislation, there was confusion among law enforcement agencies throughout the state about whether to seize the products. The Legislature, Governor Haslam's support, has now plugged this gap enacting House Bill 457/Senate Bill 396 (2011 Tennessee Public Acts, Chapter 169). The Act makes it illegal to "knowingly produce, manufacture, distribute, sell, offer for sale or possess with intent to produce, manufacture, distribute, sell or offer for sale" any capsule, pill, or other product containing certain synthetic derivatives of methcathinone, which is the key ingredient of "plant food, bath salts" and, possibly, other harmful substances. The Act became effective May 5, 2011.

Emergency room physicians have reported seeing far too many potentially life-threatening situations in Tennessee's hospitals to ignore the threat posed by this hazardous product. Thanks to the quick, cooperative action of many local and state officials, it was removed from many store shelves before even more people were injured. Now, with the prompt action of the General Assembly, authorities have the enhanced ability to prosecute as criminals those pedaling these dangerous drugs.

If you see these products on sale at your local stores, you may want to notify your local law enforcement so that they can confiscate the products and prosecute sellers under the new law. We all need to spread the news that these drugs are illegal and cannot be legally sold again without criminal consequences.

Mortgage Assistance Relief Scams

Possibly losing your home to foreclosure is a terrifying thought. The idea that scam artists are taking advantage of desperate homeowners is just as frightening. Scammers look through public foreclosure notices in newspapers and on the Internet and then send personalized letters to homeowners. Others place ads on the Internet, TV, newspapers or radio with deceptive messages such as "Stop foreclosure now," "Get a loan modification," "We have special relationships with banks that can speed up the approval process" and "100% money back guarantee."

If you are looking for help saving your home, look for these warning signs:

- ⇒ Guarantees to get you a loan modification or stop the foreclosure process, no matter the circumstances.
- ⇒ You are told not to contact your lender, lawyer or housing counselor.
- ⇒ Business claims that all or most of its customers get loan modifications or mortgage relief.
- ⇒ Asking for an upfront fee before providing you with any service.
- ⇒ Accepting payment only by cashier's check or wire transfer.
- ⇒ The business tells you to make mortgage payments directly to them rather than your lender.
- ⇒ You are asked to transfer your property deed or title.

New Credit Identity

Have less-than-perfect credit? If so, you have probably received information from companies promising a fresh start. Some of these companies claim you can get a new credit identity by applying for credit with a nine-digit number they sell you, rather than using your own Social Security number. Don't believe them. This is a scam that often involves Social Security numbers stolen from children. If you fall for their sales pitches, you won't get credit and can face fines or prison.

These scammers advertise in the classifieds, on radio and TV and on the Internet. In exchange for paying a fee, they promise to help you hide a bad credit history or a bankruptcy. After you pay them, they send you a nine-digit number that looks like a Social Security number. They often refer to this number as a CPN, credit profile number. You are told to apply for credit with the CPN, rather than with your own Social Security number. In many cases, these scammers are selling you someone else's Social Security number, often one stolen from a child.

Using a stolen Social Security number to apply for a loan on another person's good credit record is identity theft. By encouraging you to use the stolen number as your own, the con artists have involved you in their scam. It is a crime to make a false statement on a credit or loan application. If you use the number the scammers sell you, you could face criminal prosecution or civil fraud charges.

There is no quick fix in restoring your credit score. Below are some signs of credit repair fraud:

- * Companies that insist you pay them before they do any work on your behalf.
- * Companies that tell you not to contact the credit reporting companies directly.
- * Companies that tell you to dispute everything in your credit report
- * Companies that tell you to give false information on your applications for credit or a loan.

We're on the web!

At www.tn.gov/consumer, you can find valuable consumer information, view the Buyer Beware List or use our online form to file a complaint.



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