

Thursday 17th August 2006

“TOO GOOD TO BE TRUE?” – IT PROBABLY IS!

The Minister for Consumer Affairs, Jennifer Rankine, today issued a strong warning to the community about the continuing presence of scams targeting both businesses and individuals.

Launching two new consumer awareness tools prepared by the Office of Consumer and Business Affairs, the Minister said scammers preyed on the vulnerable and uninformed in the community and education was an effective weapon in reducing these unscrupulous activities.

“Scams registered as the highest area of complaint with the Office of Consumer and Business Affairs (OCBA) during 2005/06 and it’s important that consumers know what to look out for and be confident they can deal with it,” Ms Rankine said.

“Of particular concern was the appearance of several new scams including an SMS dating scam designed to access banking details possibly stored on personal computers and an overseas lotteries scam that contains its own bogus scam warning,” the Minister said.

The tools comprise a brochure describing the types of scams to be aware of, and web audio that allows consumers to download and listen to a variety of scam scenarios.

“These two initiatives are designed to educate consumers about their rights and how best to deal with a scam.

“We’ll also be mounting a radio campaign to ensure that we get the message through, especially to older people,” the Minister said.

Approximately 9900 enquiries were directed to OCBA last financial year about scams, of which 1364 developed into formal matters requiring action by OCBA.

The main types of scams targeting South Australians in 05/06 included:

- **Phishing** - whereby consumers are tricked into providing personal banking details, and letting scammers get into their bank accounts
- **Pyramid schemes** - often promoted by letter, promising money or benefits from recruiting more members and collecting joining fees
- **Overseas lotteries** - holding out the promise of big wins in non-existent lotteries or lotteries the consumers never entered
- **Blowing / false billing** - conning businesses into paying for worthless advertising or advertising they did not order

“The Office of Consumer and Business Affairs is working hard to identify obvious or potential scams and the community can play an important role. If you get an offer that sounds too good to be true,

stop and seriously think about it. It's too late once you have paid your money, or given someone your bank account or credit card details," Ms Rankine said.

For more details on scams, or report a concern, contact the Office of Consumer and Business Affairs on 8204 9777 or 131 882 for country callers, or visit www.ocba.sa.gov.au to download a copy of the brochure or for audio advice on what to look out for with a scam.

Examples of new scams circulating in 2006

- **Miss Malinda**

Miss Malinda claims to be a clairvoyant, spiritualist and numerologist. She has received three cheques from a former client to give to three deserving people. The former client used Miss Malinda's intervention to win a large amount through a lottery. Miss Malinda is getting strong vibes that you need assistance, and she has a cheque for \$37,800 written out in your name. She also wants to send you a "Complete and Confidential Personal Lunar Revolution Astrological Forecast" to give you luck, money and happiness. This costs \$53. The letter is really just a means of promoting the booklet.

- **\$34.95 to claim a Sony big screen TV**

Crown Imperial Imports claims to have a big package for you, and you are one of the lucky few Australians to receive this offer. The package contains a big screen TV, microwave, cheque for \$2,741 or other items and all you have to do is send \$34.95 for the release fee. The format of this is typical of advance fee frauds. OCBA warns consumers not to respond. They are unlikely ever to receive anything.

- **Overseas Subscribers Agents (OSA)**

OSA sends letters inviting consumers to purchase tickets, in overseas lotteries. OSA offers to arrange tickets for 6 different lotteries*. Some of the tickets seem much more pricey than tickets in South Australia lotteries. For example, the actual cost in South Australia Lotteries is \$4.85, but consumers may be charged US\$25 (AUS\$33) to play an OSA lottery.

Lottery	Value as quoted on website	Australian dollar value
Japan Jumbo Draw, also promoted as Japan Dream Draw	2 tickets for US\$30	2 tickets for AUS\$39.30
Australian Superdraw	10 games for US\$19	10 games for AUS\$25
Spanish El Gordo	1 ticket for US\$59	1 ticket for AUS\$77.50
Euro Millions Lottery	5 games for US\$59	5 games for AUS\$77.50
UK National Lottery	8 draws for US\$69	8 draws for AUS\$90.63
USA Powerball	10 draws for US\$50	10 draws for AUS\$65.68

The OSA website also states that the Australian Superdraw is not open to residents of Australia.

In an effort to present themselves as a legitimate lottery organisation they have posted a "Scam Watch" section on their website (www.osalotteries.com) to warn consumers against falling for lottery scams. They focus on scams that state you've won but must send money in order for the winnings to be released.

(*Prize figures of \$15,000 are regularly mentioned in their materials. OCBA is not aware of anybody receiving a prize. The purpose of this lottery is to encourage consumers to pay to enter and OSA to get their money)

- **Register of Business Information, Industry and Commerce 2006**

An official looking document is sent to businesses stating the Register of Business is being updated. Businesses are asked to fill in the form to ensure they are “positively and correctly presented” on the Register. They are then asked to return the document accompanied by a signature and company stamp if they would like to place an order. It also states in small print “This implies a cost that will be detailed according to the following conditions.....Cost per edition is AUD\$1200.” This is an example of a false billing scam where businesses are invited to participate in a business directory but the solicitation resembles an invoice.

- **Nigerian scam - letter from Barrister Charles Christian (San)**

The letter introduces the barrister as the Personal Attorney to a Foreign Contractor who lived in Nigeria. The contractor died in a car accident three years ago and the barrister has had no success finding extended relatives to claim the inheritance. The bank account is valued at US\$7.5 million and the funds must be transferred to the next of kin otherwise they will be confiscated by the bank. The barrister is asking for your help to access the funds, and while he will keep 60% of the funds, he is offering you 30% plus an additional 10% to cover your expenses and taxes. At this point the barrister asks you to reply with your name and contact details. The next step involves asking you to send a sum of money to cover some of the expenses in advance.

- **David Rhodes chain letter (via email)**

This was the most prominent scam circulating last year. Letters are sent from one person to 6 people, asking each of them to send the letter to another 6 people and to also send money to a person’s name on the list. Where money is passed up the chain like this, this is a pyramid scheme and pyramid schemes are illegal. Some versions of the David Rhodes chain letter suggest that a 5 cent piece be attached to each letter to attract the recipient’s attention.

The David Rhodes-style chain letter now involves people receiving emails offering them ways to make money using pyramid scheme-like methods. Supposed testimonials from people claiming they are making more than \$200 a day are being emailed, along with instructions to forward the email to numerous other people, after sending \$5 via *PayPal* to the first email address on the list. *PayPal* is a legitimate electronic payment system used widely for online financial transactions.

- **International Institute for Anonymous Billionaires**

The letter says you’ve won \$15,000 in a lottery. When you return your claim form you are invited to accept the personalised method of N. Kingston, the founder of the International Institute for Anonymous Billionaires, to become a multimillionaire at a cost of \$50. They then ask you to acknowledge their “Moral Charter” which states:

1. You must not reveal the secret of your fortunes. Neither the name N. Kingston nor the Institute should be quoted.
2. You should donate 10% of your winnings to charity, although no proof of this is required.
3. You must not use the sums won for reprehensible or illegal activities.

OCBA is not aware if anyone has participated in this scam or received any money from the promoters.

- **SMS Dating service**

An SMS dating scam whereby consumers are invited to “unsubscribe” via a web address. OCBA has also received reports from consumers who are receiving unsolicited text messages on their mobile telephones stating that they have subscribed to a dating service and will be charged \$2 per day unless they contact a website and unsubscribe. People have expressed genuine concern that they may have unwittingly subscribed to this dating service and attempt to deregister by following instructions on the ***Irreal Host*** website (www.irrealhost.com). As soon as consumers place their details on the website, their computer appears to be infected with a virus. Consumers who have “unsubscribed” via the website may be left with a Trojan virus, putting them at risk that personal information including banking details stored on the computer may be forwarded to the fraudsters.