

# FRAUD ALERT

Educating South Carolina's Consumers

A Publication of the South Carolina Task Force on Fraud



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If you would like to receive a free subscription to the *Fraud Alert*, contact the South Carolina Department of Consumer Affairs at 803.734.4200 or mail [Fraud\\_Alert@dca.state.sc.us](mailto:Fraud_Alert@dca.state.sc.us)

## Beware of Transient Contractors

- Joe Livingston, South Carolina Law Enforcement Division

We know spring is in the air when we watch the trees start to bud, flowers begin to bloom and the robins return to start nesting. Spring is also the time for "Transient Contractors" to return in their attempts to take advantage of unwary or vulnerable consumers.

The standard attempt is a knock on your door and a person standing there telling you, "I have a load of asphalt left over," or "I have a paint truck just down the street." Another is "my father put that roof on your house," or "I was driving by and noticed your roof." The first thing you have to remember as a consumer is that you don't have to open the door. You can just tell them through the door that you do not need any work done or that they can just leave you alone. If they don't leave, call your local law enforcement agency because they would like to know who's "working" in their jurisdiction.

Most of the sales pitches are done verbally, so that if you should enter into agreement with these "Transient Contractors," you will have to depend on them to do what you ask of them. This does not mean that they will do it! What generally happens is that they seem to have "used more material than they expected" or "the price quoted to you was per gallon," which raises the price to more than you expected. It is at this time that they will offer to reduce the price of the job if you pay them in cash. Don't do it! If you should pay them in cash, what recourse do you have as a consumer if the job is not up to your standards or if you have a complaint about it? Not much, because once they are out the driveway with your cash, so are your chances of identifying them and getting a response to your concerns.

Even if the contractor gives you an estimate, understand that you have a right to refuse it and ask questions about what is to be done. Ask for references in the area with local phone numbers.

Try to examine work they have done, and ask how long it took the contractor to finish the work.

Another warning sign is if it only takes a couple of hours to do the work you expected to take longer to finish.

### Home Repair Points to Remember:

- ☑ If you should be approached by these "Transient Contractors," remember you are under no obligation to do business with them. If you haven't solicited their business, be careful.
- ☑ If you should see someone at your neighbor's house, call them and see if they were having work done or if it is just someone "who happened to be in the area." Offer to call local law enforcement for them.
- ☑ If you are going to have work done, ask someone in your family or a neighbor who has had a similar type of work done who they hired. There is an old Irish proverb that says, "The work reflects the man;" remember that when dealing with "Transient Contractors".

**For a copy of home repair guidelines, contact SCDCA at 1.800.922.1594.**



## Telemarketers Call on Elders

Using phones as weapons, telemarketers rob consumers every day, persuading them to invest money in various schemes designed to empty their pockets. While legitimate companies and charities do solicit consumers by the phone, con artists lure their victims with great sounding deals and too good to be true profits. These scams are designed to steal victims' savings and even their identities.

Unfortunately, elders are the most vulnerable to telemarketing scams, as they often are too polite to hang up the phone, have savings in the bank, and are at home to take the calls. As hardened criminals, fraudulent telemarketers have been known to use scare tactics to sell products or services, impersonate well-known charities and companies and even persuade people to mortgage their homes to participate in bogus sweepstakes and investment opportunities. Fraudulent telemarketers are relentless - consumers have reported getting more than 20 calls a day from scam artists and multiple mailings requesting they call about sweepstakes and other offers.

Consumers should verify a telemarketer is a representative of a legitimate company or charity before they agree to give money. If a company or charity looks questionable, or is unfamiliar, check with the South Carolina Department of Consumer Affairs (803)734.4200, 800.922.1594 (toll-free in SC, the South Carolina Secretary of State's office (803.734.2170), or the Midlands Better Business Bureau (803.254.2525). However, if a particular company or charity does not have a complaint against it, it does not mean they are not fraudulent. Many fraudulent telemarketers operate their scams only for a short time.

### Signs that a telemarketer is a scam artist:

- ✓ They ask you to pay or buy something in order to win a prize.
- ✓ They say buying something will increase your chances of winning.
- ✓ They refuse to send additional written information.
- ✓ They say you need to pay taxes or customs fees to claim a prize.
- ✓ They demand the consumer send payment by wire or courier.
- ✓ They request financial account numbers even though you are not buying something from them.
- ✓ They pressure a consumer to act immediately.
- ✓ They offer to sell you tickets to foreign lotteries by phone or mail.
- ✓ They claim they can recover money a consumer lost in a previous scam for a fee.
- ✓ They claim you can make a lot of money working from home if you buy the start up materials.
- ✓ They ask for an upfront fee to obtain a credit card or loan for you, or repair your credit.

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### How to prevent future telemarketing fraud:

- Do not fill out contest entry forms. Also, ask companies you do business with not to share your personal information.
- If a telemarketer does call, ask that they not do so in the future.
- Join the Do-Not Call List, which is enforced by the Federal Trade Commission, Federal Communication Commission, and the states, by calling 1.888.382.1222 or TTY 1.866.290.4236 from the phone you wish to register. You can also register online at [www.donotcall.gov](http://www.donotcall.gov)
- Screen your calls with an answering machine or Caller ID machine.
- Have a plan in place when telemarketers call. Hang up if the caller refuses to answer your questions or if you detect evidence of fraud.
- If a telemarketer has already gained access to your bank account number(s), have the account number(s) changed.

If you would like more information, or would like to report an incident of telemarketing fraud, contact the South Carolina Department of Consumer Affairs at 803.734.4200 or 1.800.922.1594 (toll-free in South Carolina).

# Medicare Discount Drug Card Fraud

Preying on consumers looking for more economical prescription drugs, scam artists have devised a scheme that lures consumers with lucrative offers of prescription drug cards for discount prices. Con artists, masking themselves as part of Medicare’s legitimate discount card program, pretend to offer a service they are not licensed to provide. Victims of this scam lose not only their money, but in many instances, their personal information which can lead to identity fraud.

Legitimate Medicare drug discount card providers are private companies that are approved by the U.S. Department of Health and Human Services. Under federal law these legitimate companies may not charge more than \$30 for the discount drug cards, although many charge less or nothing at all. Once a card is cancelled however, the annual fee cannot be refunded.

It is important to note Medicare discount drug cards are not all the same. Prices for drugs vary widely between cards and some pharmacies only honor certain cards. Before a consumer decides to buy a particular discount drug card, they should shop around and identify what benefits each provider offers. Also, Medicare discount drug cards are not available to everyone; only consumers presently enrolled in Medicare may secure a Medicare discount drug card.

Consumers can recognize scam artists pretending to be licensed dealers of Medicare discount drug cards as they will often call, e-mail, or go door-to-door uninvited to solicit customers. Fraudulent discount drug providers may also advertise through the radio, television, mail and other print media; consumers should always pay attention to any disclaimers that accompany advertisements. Although this is a government-sponsored program, only regulated private companies can sell the cards; government-approved Medicare drug discount cards must display the “Medicare Rx Approved” symbol. The present Medicare discount drug card program is temporary and will end on January 1, 2006, at which time the government will provide a new drug plan as part of Medicare.

For a list of approved cards and other information about the program go to the Medicare Web site, [www.medicare.gov](http://www.medicare.gov) or call toll-free, 1.800.633.4227, TTY 1.877.486.2048.

## McMaster Stops Pyramid Scam in South Carolina

In response to a pyramid scheme in South Carolina, State Attorney General Henry McMaster has issued a cease and desist order against seven people. Those involved in the scheme sold “investments,” or securities, to South Carolina residents in 2003 and 2004, but were not licensed to do so.

The organization, known as Caruba International, which is based in the Caribbean Island of Aruba, recruits consumers to invest \$1,200. New members may then put in more money while they recruit additional investors. The attorney general’s office said investors in the company held meetings in Orangeburg, Columbia, Lady’s Island, Manning and Hilton Head Island.

As a form of securities fraud, pyramid schemes prey on the public by luring victims with promises of large profits through the process of securing new recruits. Although the people at the top of the pyramid make a profit, the people at the bottom make excessive payments without seeing any reward. You can differentiate a pyramid scam from a legitimate multi-level marketing program, as legitimate marketing programs sell their product to the public and do not pay commissions for new recruits.

In addition to Caruba International, the attorney general’s office has started an investigation into several other entities and individuals suspected of securities fraud.

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