Arizona Attorney General
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Educating • Protecting • Empowering
Arizona Consumers

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Top Consumer Scams

Arizona Attorney General's Red Flags and Protection Tips

"Predators are always looking for new and inventive ways to steal. Whether it's a fraudulent loan scheme, a dishonest repair shop, or the newest threats found on the Internet, you need to know how to protect yourself. The best defense is a good offense, and someone who is trying to perpetrate a scam will not get far when a consumer – you – is well informed."

Arizona Attorney General Mark Brnovich

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Message from Attorney General Mark Brnovich

You should never be a victim of consumer fraud. Unfortunately, there are many financial predators who are looking for new and inventive ways to steal your hard-earned money.

Arizonans need to be well-informed about the constant threat of consumer fraud. Whether it's a fraudulent loan scheme, a dishonest repair shop, or the evolving financial threats found on the Internet, you need to know how to protect yourself.

This booklet contains valuable information about some of the most common consumer scams. But no matter what the scheme – even if it's a new twist on an old scam – many of the items in this booklet will help you spot possible fraudulent practices. Your best defense is to be an informed consumer.

The Arizona Attorney General's Office is routinely updating the materials available to Arizonans because consumer scams are always being created by inventive criminals. Not only is this booklet a valuable resource, but you can get additional information at our website: www.AZAG.gov, where you can also sign up for "Scam Alerts."

If you believe you have been the victim of consumer fraud, or to report suspected consumer scam activity, contact us at 602-542-5763, 520-628-6504, or toll free at 800-352-8431. You can also contact us via email at consumerinfo@azag.gov. To file a consumer complaint online, visit www.AZAG.gov/complaints/consumer.

Thank you,

Mark Brnovich

Buying a New or Used Car

Next to a home, an automobile is often the largest purchase consumers make. Consumers who are not aware of their rights often make bad deals.

Red Flags

- *A salesperson rushes you to sign paperwork without giving you a chance to review the contract terms.*
- *Advertised minimum trade-in amounts and free gifts. Dealers may raise the price of the car to offset a low value trade-in or the cost of the "gift."*
- *A contract that has terms substantially different than what was advertised or what the salesperson promised.*
- *A salesperson suggests putting false information on your finance application, such as inflating your income. Providing false information to obtain financing is a crime and you could end up with a contract you cannot afford.*
- *A salesperson suggests you take the car home before financing is approved. This practice is designed to "lock you in" to a purchase. If you take a newly purchased car home and find out later you will have to pay more than expected for financing, the dealer must allow you to return the car and give you your trade-in back if you don't want to negotiate a deal (A.R.S. § 44-1371).*

Protect Yourself

- *Do your homework. Get information about car dealers from the Better Business Bureau (www.bbb.org). Research the car's value before negotiating a price. Look up the value in the Kelley Blue Book (www.kbb.com) or at Edmunds.com (www.edmunds.com).*
- *Arrange financing with your bank or credit union **before** car shopping.*
- *Be skeptical of the claims made in car advertisements and read the fine print carefully. (Save copies!)*
- *Make sure **all** promises made by the salesperson or dealership are put **in writing** and that you get a copy.*
- *Request a free vehicle history report from the dealer **before** buying a used car.*
- *Read all documents and understand all terms **before** signing a purchase contract. Do not sign contracts with blank spaces.*
- *Make sure the financing is approved before turning in your trade-in vehicle or accepting the new car.*
- *If you are buying a used car, have a trusted mechanic inspect it before you buy.*
- *If you decide to finance through a dealer, negotiate the price first. Once the price is settled, then negotiate the monthly payment.*
- *With dealer financing, always ask the dealer if the interest rate being offered is their lowest rate, whether the rate includes any profit for the dealer, and if so, how much.*
- ***REMEMBER:** Arizona does **not** have a "cooling off" period or three-day right to cancel a car sale.*

Extended Warranties and Service Contracts

At the time of purchase, dealers may offer an extended warranty or service contract for an additional cost, but it can be expensive. In fact, extended warranties are often one of the most profitable aspects of car sales. Think carefully before purchasing a service contract. If the car model you have purchased has a record of reliability or you expect to own your car for five years or less, it may not be worthwhile to purchase an extended warranty.

If you are interested in a service contract, remember that cost and coverage vary greatly and may be subject to negotiation. Make sure you receive a copy of the terms and conditions of the contract from the provider.

If you pass on an extended warranty at the time you purchase your car, you may receive notices in the mail years later informing you that your original warranty is about to expire or has expired. These notices may not come from the dealership where you purchased your car, but instead may be sent by an independent service contract provider trying to sell you an extended warranty. Certain providers of service contracts or extended warranties must be registered with the Arizona Department of Insurance. Therefore, before responding to a solicitation, contact the Department of Insurance (www.insurance.az.gov) to make sure the extended warranty provider is in compliance with state law.

Arizona's Lemon Law

New Car: The Arizona Lemon Law (A.R.S. § 44-1261 *et seq*.) has some specific protections. Consumers should consult the law or an attorney if their new car does not operate in a reasonable manner.

Here are the basics:

The period covered by the Lemon Law is the same as the term of the manufacturer's warranty or two years or 24,000 miles, whichever is earlier. The covered period begins on the date the consumer receives the vehicle.

During the covered period, if the manufacturer fails to repair the defect(s) after four attempts, or if the car is out of service by reason of repair for a cumulative total of 30 or more calendar days, the manufacturer must accept return of the car or replace it with a new car (contact your dealer).

Used Car: A used car, bought from a dealer, is covered by the Arizona Used Car Lemon Law (A.R.S. § 44-1267). Private party car sales are not covered. If a major component breaks within 15 days or 500 miles after the car was purchased, whichever comes first, the dealer must make the repairs and you have to pay up to $25 for the first two repairs. The dealers liability for repairs is limited to the price paid for the car.

Car Repairs

At some point, your car will need repairs. Knowing how your car operates and familiarizing yourself with the owner's manual for your car will help you spot problems. It is best to find a trusted mechanic and auto repair shop ***before*** your car needs repairs. This will help you avoid making a last-minute or unnecessarily expensive decision.

Use Caution With Extended Warranty Offers

Consumers should be cautious in reviewing mail or telephone solicitations to Arizona residents indicating their car warranties are about to expire. These solicitations are sent to consumers encouraging them to purchase an extended warranty.

The cards may have names similar to official organizations or government agencies and may be stamped with phrases such as "final notice" or "priority level: high" to create a sense of urgency. When consumers call the phone number provided on the card, they may be encouraged to purchase a high-priced extended warranty for their vehicle. In some cases, callers are told they must make a down payment prior to receiving warranty information from the company.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

Red Flags

- *Aggressive scare tactics employed by repair shop personnel to pressure customers.*
- *You have brought your car in for a minor repair or maintenance and the shop finds additional expensive problems.*

Protect Yourself

- *Ask for car repair recommendations from people you trust. Check with the Better Business Bureau or read online reviews to see if there are any complaints against the repair shop.*
- *If your car is under warranty, make sure that the repair shop is authorized to provide service for your car's make and model. Work done by an unauthorized repair shop could void the warranty.*
- *If possible, get several written quotes from different repair shops before a major repair is done.*
- *Get a written estimate first. The estimate should identify the problem to be repaired, the parts needed and the anticipated labor charge.* ***Make sure you get a signed copy of the estimate.***
- *Pay your bill with a credit card, if you can, to give you maximum flexibility to dispute the charge if something goes wrong.*
- *Prepare for repairs by learning about your vehicle and preventative maintenance, before you experience a problem.*
- *Test drive your vehicle after having it repaired to make sure the car is fixed to your satisfaction.*
- *There is no such thing as a "standard warranty" on repairs. Make sure you understand what is covered under your warranty and get it in writing.*

Work-at-Home Jobs and Business "Opportunity" Schemes

Since 2010 the Attorney General's Office has received almost 7,000 consumer complaints relating to business opportunity scams, more than any other type of business in this state. Consumers have lost millions of dollars to con artists who promise to set-up work-at-home businesses from which consumers can earn substantial incomes. When the incomes do not materialize, consumers are left with empty bank accounts or large credit card bills. These schemes all have one thing in common: something must be purchased before work can begin – a website, customer leads, computer advertising, post cards, envelopes, craft supplies, or video/audio tape recordings, as examples. Scam artists continually change their business names, locations and phone numbers. They "string" consumers along, promising higher returns if additional advertising services are purchased. Once consumers realize that they were defrauded, they are unable to obtain a refund from their credit card carrier as the dispute period has lapsed. Business opportunity sellers quickly spend monies paid to them, making it very difficult for the State to obtain restitution for the victim.

Under Arizona law, all companies or individuals or individuals that sell business opportunities must:

(1) file an annual registration with the Secretary of State that identifies the principals of the business and provides their previous history in this industry;

(2) maintain a $100,000 bond with the State Treasurer, proceeds of which are payable to consumers who are defrauded by the seller;

(3) provide specific, written disclosures to potential purchasers ***before*** a business opportunity is sold;

(4) give each consumer-purchaser a written contract; and

(5) provide consumers with a ten day "cooling off" period after the contract is signed.

Failure to comply with these provisions constitutes a violation of the Consumer Fraud Act, allowing the Attorney General to seek civil penalties, injunctive relief, restitution and attorney's fees and costs. Violators of these laws may also be subject to criminal prosecution.

Multi-Level Marketing Companies

Multi-level marketing (MLM) companies are another type of business "opportunity" that frequently use the Internet and telemarketing operations to lure participants. MLM businesses claim they are marketing a product, but they are actually marketing a scheme in which earnings are based on the number of new individuals recruited into the program, not on the sales of the product. These companies entice prospective participants with promises that they will have their own business, establish their own work hours and earn enough money to purchase a new car or boat, pay for their children's education or take a fabulous vacation. Promoters claim these pyramid schemes are legal because a product or service is being offered.

Multi-level marketing companies can be identified by the following:

- *The focus of the program is on the recruitment of new participants, rather than the sale of products or services to the general public.*
- *The company emphasizes huge potential earnings, often using false testimonials by other consumers claiming to have earned unbelievable sums.*
- *The products or services offered by the business are sold for more than fair market value, which may indicate they are simply vehicles for recruitment. Compare the price of the product or service with similar products or services being sold by non-MLM companies. Ask yourself, who would purchase the product or service if they were not interested in joining the program?*

Protect Yourself

Before getting involved in a work-at-home business opportunity, here are a few things to consider:

- *Avoid work-at-home jobs that charge an up-front fee or any offer posted on a telephone pole.*

- *Be skeptical about claims regarding potential income.*
- *Check with the Arizona Secretary of State (www.azsos.gov) to ensure the business opportunity seller is registered;*
- *Check with the Arizona Treasurer's Office (www.aztreasury.gov) to verify the business opportunity seller has lodged a bond;*
- *Investigate companies you want to deal with by checking with the Better Business Bureau (us.bbb.org) in the area where the business is located, and by reading online reviews. Too many consumers check out companies online only* ***after*** *they have been scammed.*
- *Compare the price of the product or service with similar products or services being sold by non-MLM companies. Ask yourself who would purchase the product or service if they were not interested in joining the program?*
- *Be especially cautious when subjected to hard pressure sales or "pep rally" type sign-up sessions.*
- *Use extra care when considering investing in a business opportunity. Do not invest unless you are satisfied that the opportunity is genuine and the business can be verified as being legitimate.*
- *Meet personally with representatives of the company, view the physical location of the company, ensure all contact is traceable and verify the actual earning potential of the business opportunity.*
- *If you purchase a business opportunity, carefully evaluate all subsequent offers of upgrades and enhancements. Be prepared to cut your losses if you begin to suspect a problem.*
- *With multi-level marketers, determine how many individuals are participating in the program and the average amount of money made by each participant. Could you make any money if you only sold the products and did not recruit any new salespeople to the program?*
- ***Never invest more than you can afford to lose.*** *Speak with a professional financial advisor before making any large investment.*

Text Message Scam

Arizonans are being warned about the latest "phishing" scam using text messaging. The scam is a variation on traditional "phishing," which involves scammers searching for personal identifying or financial information by sending phony email.

The text message scam works like this: A consumer receives a text message stating that a bank account has been suspended. The consumer is provided a phone number to call to "reactivate" the account. When the phone number is called, a recorded message asks the person to enter his or her bank account number. The text messages have falsely claimed to be from various banks and credit agencies in the state, such as Arizona Central Credit Union. This is a scam! These text messages are fraudulent and are an attempt to steal personal identifying and financial information.

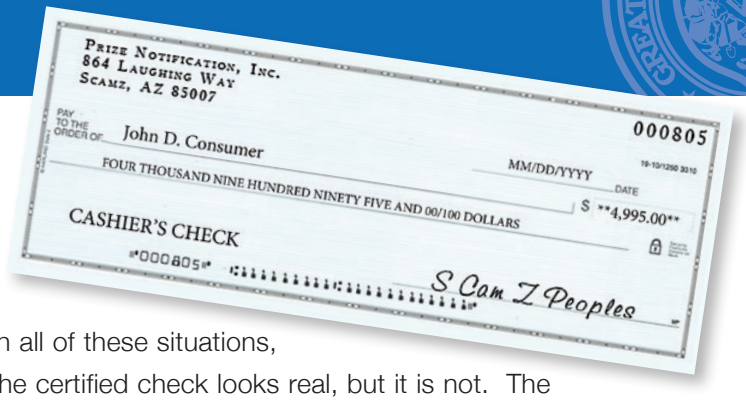
(For the full version of this Scam Alert visit ***www.azag.gov****)*

Certified Check Fraud

Certified check fraud is a growing area for scam artists. There are several versions of this scam circulating in Arizona. The initial contact can come through an unsolicited telephone call, over the Internet or through the mail. One version of the scam is to include a check (most of the time a cashier's check) with a prize notice. The notice says that the consumer has won a prize, but must pay a substantial "tax" or "administrative fee." The scam artist tells the consumer that the enclosed cashier's check comes out of the winnings and will cover the charges. The check looks real, but is not.

In a different twist, the scam artist may pose as a "buyer" for an item over the Internet. The scam artist offers to pay with a U.S. bank cashier's check. Once the offer is accepted, the "buyer" makes some excuse for sending a cashier's check that is more than the cost of the item and wants the seller to send the excess money back to the scam artist. The cashier's check is counterfeit, but it takes the bank several days to discover this. In the meantime, the consumer thinks they received a good check and sends the item as well as the "extra" cash back to the scam artist.

Another variation is the "mystery shopper" scheme where consumers are approached to be "mystery" or "secret" shoppers. Consumers believe they are being hired to evaluate the effectiveness of a money transfer service. The scam artist sends the consumer a cashier's check. The consumer is instructed to cash the check at their bank and then visit a large retailer that offers money transfer services. The consumer is told to pretend to be a customer wiring money to a relative in another country. The consumer is often instructed to wire most of the money and keep the rest as payment for acting as a "mystery shopper."



In all of these situations, the certified check looks real, but it is not. The bank notifies the seller that the cashier's check is counterfeit and the consumer is responsible for returning the money to the bank.

Red Flags

- *Instructions by the sender to deposit the check and then wire money back to a third party. There is usually no legitimate reason for someone who is giving you money to ask for money to be wired back.*
- *Cashier's or certified check made out for several hundred or even several thousand dollars more than the purchase amount of the product, despite the authentic looking logos from well known corporations and banks.*

Protect Yourself

- *Use caution if cashing or depositing a cashier's check from an unknown source. Consumers are responsible for deposited checks. When a check bounces, the bank deducts the amount originally credited to the account. If there is not enough money to cover it, the bank may take money from other accounts.*
- *Consumers cannot rely on the fact that the check was accepted for deposit by their financial institution as evidence of the check's authenticity. The check must go back to the originating bank to clear, which may take several days. Ask your financial institution about its policy regarding counterfeit checks.*

One of the most contemptible forms of fraud is charity fraud. Scam artists pose as charitable fundraisers in order to get your money. Even legitimate fundraisers should be asked certain questions to ensure that your donation will be spent as you think it will.

Arizona law requires all charitable organizations to file a registration statement with the Arizona Secretary of State every year. The registration statement provides consumers with important information regarding the organization, the amount of money collected by the charity and the amount of money given to the cause.

Paid Fundraisers

Some legitimate charities pay professional fundraisers to handle large-scale mailings, telephone drives, and other solicitations rather than their own paid staff or volunteers. Professional fundraisers are in business to make money and can legally keep a portion of the money they collect. If you are solicited for a donation, ask if the caller is a paid fundraiser and what percentage of your donation the fundraiser will keep. If you are not comfortable with the amount, you may decide to consider other options for donating.

Arizona law requires paid fundraisers, whether they contact you by phone or mail, to:

- Tell you that they are ***for-profit*** solicitors who are either asking for money for a charity or for a fundraiser working for the charity.
- Tell you the legal name of the charity or the paid fundraiser on whose behalf they are asking for money.
- Tell you their true legal names.
- Tell you that the purpose of the call (or letter) is to raise money for charity.

Red Flags

- *Names that closely resemble those of legitimate, well known organizations.*
- *Organizations that use meaningless terms to suggest they are tax-exempt charities. For example, the fact that an organization has a "tax I.D. number" does not mean it is a charity.*
- *Guaranteed sweepstakes winnings in exchange for a contribution.*

Protect Yourself

- ***Ask*** *for written information, including the charity's exact name, address, physical location and other contact information.*
- ***Ask*** *whether the solicitor is a volunteer or a paid solicitor.*
- ***Ask*** *what percentage of the donation will go towards the charitable cause as compared to the organization's administrative or fundraising expenses.*
- ***Know*** *the difference between "tax-exempt" and "tax deductible." Tax-exempt means the organization doesn't have to pay taxes. Tax-deductible means you can deduct your contribution from your federal income tax return. Even though an organization is tax-exempt, your contribution may not be tax deductible.*

- ***Avoid*** *cash gifts that can be lost or stolen. For security and tax record purposes, it is best to pay by check or credit card, but DO NOT give credit card or checking account numbers over the phone unless you initiated the call.*
- *If the solicitor cannot answer your questions about the charity; uses high pressure tactics; refuses to provide written information or insists on sending someone to pick up your donation; DO NOT DONATE.*
- *If you want to be truly safe, simply decline all pitches from unfamiliar charities. There are always charities in your area that need donations. Do your own research and contact one of them directly and ask how you can help.*
- *Before you donate, check out the charity with the Arizona Secretary of State's Office (www.azsos.gov) and the Better Business Bureau (us.bbb.org) or one of the websites with information on nonprofit and charitable organizations, such as GuideStar (www.guidestar.org) or Charity Navigator (www.charitynavigator.org). The Secretary of State can tell you if a charity or fundraiser is registered and can also look at the contract the charity has signed and tell you what percentage of the donation goes to the charity and what the fundraiser keeps for profit.*

Where to Complain about a Charity or Fundraiser

If you believe an organization may not be operating for charitable purposes or is making misleading solicitations, contact the Arizona Attorney General's Office and file a Consumer Complaint (www.azag.gov/consumer).

Scam Soliciting Donations for Veterans

Consumers should be wary of callers claiming to be from Arizona Veterans Hospital or Veterans Services asking for donations over the telephone.

The Attorney General's Office has received information that individuals claiming to be associated with the hospital or veterans group are soliciting donations over the telephone to make food baskets for veterans. This is a scam! The Carl T. Hayden VA Medical Center Hospital and the Arizona State Veterans Home do not solicit over the telephone and are not collecting money for food baskets.

(For the full version of this Scam Alert visit ***www.azag.gov****)*

Internet Fraud

As our use of the Internet continues to grow, so do the possibilities of Internet consumer fraud. Almost all of the scams discussed in this guide – from deceptive automobile advertising to promotion of fake business "opportunities" – have been promoted online. The Internet itself has generated a new breed of scams. Here are some things to watch out for:

- **Internet auctions.** Internet auction websites offer consumers the ability to purchase goods from around the world. Unfortunately, some sellers fail to deliver what they promise. In addition, some scam artists use information from a legitimate website to lure buyers into a fraudulent transaction, such as, requesting payment from the buyer, but never delivering the goods.
- **Pop up ads.** Pop up ads are the small windows that open automatically on your computer screen as you work or surf the Internet. Some pop ups advertise goods or services from legitimate companies, but others may be fraudulent. Watch out for pop ups that ask you to provide personal information – this may be a form of "phishing" that could put you at risk for identity theft. If the pop up congratulates you on having won millions of dollars and claims it is not a scam, you can be sure that it is.
- **Spam.** Unwanted email crowd our in-boxes. You may have given your email address to one person or website, only to find that your address has been sold or "harvested" to a marketing company. Spam email may be an annoying advertisement from a legitimate company or it may be a scam. Watch out for spam email promoting chain letters (which are illegal if they involve money or valuable items and promise big returns), work-at-home schemes guaranteeing easy money or weight loss claims (often with false testimonials). Fight spam by complaining to the Federal Trade Commission (www.ftc.gov).

- **Phishing (Imposter Companies): Phishing scams are** scams designed to steal your personal information, usually through email. These fraudulent email will appear to be from a reputable company asking for your Social Security number, credit card number, username and password. The goal of a successful "phish" is to get you from the email to a website where it will ask for such sensitive information. Keep in mind that legitimate businesses will not ask for your information via email.

Red Flags

- *Email or pop up ads that make unrealistic claims.*
- *Sellers who insist that you pay for a "free" gift.*
- *Sellers who demand your credit card information to pay for the shipping of your "free" gift.*
- *Unsolicited offers by email that appear to represent a trusted company.*
- *Product advertisements that lack specifications or adequate descriptions. Viewing a product on the screen can present different challenges than seeing it in the store.*
- *Email requesting your Social Security number or other personally identifying information.*

Protect Yourself

- *Know your merchant. Be familiar with the name and reputation of companies with which you are dealing.*
- *When ordering online, use a* **reputable** *third party escrow service, like PayPal, or at the very least, pay with a credit card to make the purchase. This way you can dispute the charge, if services are not rendered.*

- *Protect your privacy when purchasing goods through an online auction site. Never give your Social Security number or driver's license information to a seller. (Be cautious if you are asked to supply personal information, not needed to make a purchase.)*
- *Make sure the company or individual with whom you are doing business is legitimate. Send a "test" email to see if the email address is active and try to obtain a physical address rather than merely a post office box. Try to find a phone number for the seller and call the number to see if it is correct and working. Research the seller by checking with the Better Business Bureau (us.bbb.org), using an Internet search engine, or by checking government and business websites.*
- *To reduce pop up ads, learn how to use a pop up blocker on your computer. (Most web browsers include one, or a variety of options are available for free.)*
- *To reduce spam, guard the privacy of your email address. Consider using one email address for personal email communications and another for public purposes such as for electronic mailing lists or on websites.*
- *Complain about spam to the FTC (www.ftc.gov) or to your own Internet Service Provider. Include the full email header in your complaint.*
- *Keep good records - print copies.*
- *Do not click on or open links in suspicious email. If you are unsure of whether an email is from a trusted source, open a new web page and type in the link.*

Government Imposter Scams

This type of scam has many different angles but basically works like this – you receive a phone call or email from someone pretending to be from a government agency. The scam artist says that you have missed a deadline, broken a law, owe the government money, or are entitled to money but need to pay "a fee". The scam artist tries to get you to send money and/or provide personal information. Examples of this type of scam are the IRS scam, government grant scams, fake jury duty scams, government compliance scams, and scam artists impersonating federal, state or local government employees.

A scam artist will do their best to intimidate a victim in order to obtain money and they use a variety of tactics to get victims to cooperate. Some scam artists often use official sounding names to make them sound legitimate; they may even place a government looking seal on their literature hoping that you will quickly glance over the document and then provide the information as the document requests. Some scam artists start by providing a "badge number" or "identification number"; some scam artists will mention personal information about the victim to make the scam artist seem more legitimate while others threaten arrest or some other legal action. In some situations, if a victim doesn't answer the phone, the scam artist will leave a message telling the victim to call back immediately. Do not fall for this scam!

TIPS-

- *Do not give out or confirm personal or financial information unless you know who you are dealing with.*
- *Legitimate government offices will not threaten you or demand that you pay a debt immediately.*
- *Do not wire funds or send money from a prepaid card (ie Green Dot, Vanilla Card, etc.) unless you know who you are dealing with.*
- *Look closely at literature you receive claiming to be from a government agency and read the fine print. Many times these solicitations will look like they are from the government but the small print may disclose that the sender is not the government agency they proclaim to be; rather they are an entity that can assist you with an issue.*
- *Some scam artists may claim to be approved by or affiliated with the government. Do your research. Check with the Better Business Bureau to see if this company has complaints before your provide information. Contact the government agency directly.*
- *If someone comes to your house posing as a government employee, ask to see credentials.*
- *Be wary about names and phone numbers. Many times scam artists will use names that sound similar to legitimate agencies. To make the call seem legitimate, scam artists can also use Internet technology to disguise the area code they are calling from. This tactic is known as "spoofing". In other words, the scam artist can make a phone number appear on caller ID as coming from Washington, DC, when in fact, the phone number may be coming from out of the country.*
- *If you question the legitimacy of the call, the email, or other correspondence, contact the agency directly using the information you find in the phone directory or online. Do not use numbers or website addresses provided in the original communication as these may be fake.*

Identity Theft

Identity theft is when someone fraudulently uses your personal identifying information to obtain credit, take out a loan, open accounts, get identification or numerous other things that involve pretending to be you. It is a very serious crime that can cause severe damage to your financial well-being if not taken care of promptly. People can spend months and thousands of dollars repairing the damage done to their credit history and good name by an identity thief. Even scarier, some cases of identity theft are connected to more serious crimes that may lead law enforcement to suspect you of a crime you did not commit. For more information, the Attorney General's Office has a separate publication entitled ***Identity Theft Repair Kit*** that is available on our website at www.azag.gov.

Red Flags

- *Failure to receive bills or other mail. A missing statement could mean an identity thief has taken over your account and changed your billing address to cover his tracks.*
- *Receiving credit cards for which you didn't apply.*
- *Being denied credit or being offered less favorable credit terms, like a high interest rate, for no apparent reason.*

Protect Yourself

- *Guard your mail from theft. Instead of leaving your mail to be picked up in an unlocked mailbox, take it to the post office or leave it in a post office collection box. Try not to leave mail in your mailbox overnight. Consider installing a mailbox with a lock.*
- *Place passwords on your credit card, bank and phone accounts, while avoiding using easily available information like your mother's maiden name or birthday.*
- *Shred documents such as credit card offers and old bank statements rather than simply throwing them in the trash.*
- *Do not carry your Social Security Card on you.*
- *Check your credit report. Each of the major nationwide consumer reporting companies is required to provide you with a free copy of your credit report, at your request, once every 12 months. To order your **free** annual credit report from one or all the consumer reporting companies, visit www.annualcreditreport.com or call 877.322.8228. You may also order your credit report by contacting any of the following credit reporting agencies:*

Equifax	*Experian*	*TransUnion*
www.equifax.com	*www.experian.com*	*www.transunion.com*
P.O. Box 740241	*P.O. Box 9532*	*P.O. Box 6790*
Atlanta, GA 30374	*Allen, TX 75013*	*Fullerton, CA 92834*
888.766.0008	*888.EXPERIAN (397.3742)*	*800.680.7289*

- *Place a security freeze on your credit report. Arizona's security freeze law (ARS § 44-1698) allows consumers to place a security freeze on their credit report. A freeze prevents credit bureaus from releasing credit information without the consumer's express permission. Businesses typically check credit histories before issuing credit or opening new accounts, so a credit freeze will prevent new credit accounts from being opened in the consumer's name until the freeze is lifted. To place a freeze in Arizona, you must contact each of the three major credit reporting agencies. Arizona law allows a reporting agency to charge $5 per consumer to place a security freeze. There is also a $5 fee each time you temporarily lift or remove a security freeze. There are no fees if you provide proof that you are a victim of identity theft. To prove you are a*

victim, you must send a valid copy of a police report document showing your identity theft complaint. You can contact each consumer reporting agency for specific instructions on placing a security freeze.

- *Do your homework before purchasing identity theft protection services. Identity theft protection services such as credit-report monitoring, fraud alerts, identity theft insurance and help for victims of identity theft are all available for a fee. However, you can do much of what these services provide for free. The Attorney General's Office cannot vouch for the reliability or quality of any specific services or products, so be sure to check the track record of companies with the Better Business Bureau (www.bbb.org).*

If you think you are a Victim of Identity Theft

- *Acting quickly is the best way to make sure this crime does not get out of control. Place a fraud alert on your credit reports by contacting the toll free number of any of the three consumer reporting companies. Once you place the fraud alert in your file, you are entitled to order free copies of your credit reports. When you receive your reports, review them carefully and look for signs of suspicious activity, like accounts you didn't open.*
- *Close the accounts that you know, or believe, have been tampered with or opened fraudulently.*
- *File a report with your local police department where you believe the theft took place. Make sure to get a copy of the report, as it can serve as "proof" of the crime when you are dealing with creditors.*
- *File a complaint with the Federal Trade Commission (www.ftc.gov) by calling 877.438.4338 (ID Theft Hotline).*

"Friends/Family" Scam

Seniors need to be cautious if they receive telephone calls from someone who claims to be their grandchild and requests money for an urgent situation. The Attorney General's Office has received information that the "grandparent" scam has made it to Arizona.

In this scam, the fraud artist calls an elderly person and poses as their grandchild. The caller may say something like, "Grandma, I am so glad I reached you" or "Grandpa, it's me, your favorite grandchild calling." The caller waits for the grandparent to say something like, "Jimmy, is that you?" The caller will agree and state that he or she has either been in a bad accident or is in some type of trouble and needs money immediately. The caller then asks that the money be sent via money order or through a wire service such as MoneyGram or Western Union.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

National Mortgage Settlement:

In 2012 Arizona and 48 other states reached an historic joint state-federal settlement with five of the country's largest residential mortgage loan servicers: Ally/GMAC, Bank of America, Citibank, JP Morgan Chase, and Wells Fargo. The settlement resolves allegations that these banks engaged in unacceptable and sometimes fraudulent mortgage servicing and foreclosure practices, violating state and federal law.

Many homeowners will benefit from this settlement, as the settling banks will be required to provide eligible distressed borrowers with up to $25 billion in relief nationwide. These servicers are required to work off almost $17 billion in principal reduction and other forms of loss mitigation nationwide. Within certain parameters, each of the five servicers will establish its own criteria for eligibility for loan modification relief. In addition, the five servicers will have to provide up to $3 billion in refinancing relief nationwide, allowing eligible borrowers to refinance at close to the current historically low interest rates. Finally, certain borrowers who lost their homes to foreclosure will be eligible for a cash payment of up to $2,000.

These banks can still be held accountable for other claims not covered by the settlement. The settlement holds them accountable for their wrongdoing on "robo-signing" and mortgage servicing. It does not hold them responsible for all of their wrongs over the past five years, and it does not release them from claims that others may wish to pursue. The settlement provides absolutely no criminal immunity for any individual who violated the law.

Red Flags

- *Beware when loan servicers:*
  - *Fail to timely and accurately apply payments made*
  - *Charge excessive or improper fees for default-related services*
  - *Impose force-placed insurance without properly notifying you or when you already had adequate coverage*
  - *Provide false or misleading information*
  - *Fail to gather or lose loan modification application documentation and other paperwork*
  - *Keep you in a trial modification for an excessive time*
  - *Wrongfully deny modification applications*
  - *Fail to respond to your inquiries*

Protect Yourself

- *Contact your servicer as soon as you realize that you have a problem. Your servicer is the entity that you make your mortgage payments to.*
- *Contact a HUD-approved housing counselor. The U.S. Department of Housing and Urban Development (HUD) funds free or very low cost housing counseling nationwide, helping you understand the law and your options, organize your finances and represent you in negotiations with your servicer if you need this assistance.*
- *Avoid foreclosure prevention companies. You don't need to pay fees for foreclosure prevention help – use that money to pay the mortgage instead. Many for-profit companies will contact you promising to negotiate with your lender.*
- *Contact the Arizona Attorney General's dedicated Mortgage Settlement Line at (602) 542-1797 (Phoenix area) or (855) 256-2834 (Outside Phoenix) or e-mail at mortgagefraud@azag.gov for more information and referrals to mortgage settlement programs.*

Foreclosure "Rescue" Schemes:

Phony "mortgage rescue" and "home foreclosure prevention" schemes have been a huge problem in Arizona. Desperate homeowners who fall behind on their mortgage payments and are on the

verge of foreclosure turn to these companies hoping to prevent the loss of their home, especially when their mortgage servicer is non-responsive or unhelpful. These companies have used a variety of schemes designed to take your money by charging upfront fees and promising results they cannot give or to take your home and steal any equity you have.

For example, a "rescue company" may guarantee that it can get you a loan modification or may tell you that you must go through a company like them to obtain a loan modification. Neither of these statements are true.

A common scheme until recently, involved companies that charged an upfront fee while promising to negotiate with your lender or servicer on your behalf to get a loan modification. Laws passed in 2010 and 2011 made these schemes illegal—now, **advance fees for loan modifications are illegal in most instances** under both federal and state law.

You should be aware that there are non-profit housing counselors approved by the United States Department of Housing and Urban Development (HUD) that will provide housing counseling and loan modification negotiations with your lender or servicer free of charge. If you are in need of assistance regarding your home mortgage, you can visit www.HUD.gov to find a HUD approved housing counselor near you.

Now that advance fees have been banned, scammers are looking for other ways to take advantage of distressed homeowners. Some are taking advantage of an exception to the upfront fee ban for lawyers. These companies claim to charge upfront fees legally because they are lawyers, they work with lawyers, or they have a lawyer on staff. Unless you have retained a lawyer personally, beware. When companies or modification firms make these claims, the lawyer may have done very little work for the company, may never review your documents, may be out of state and unfamiliar with Arizona law, or may not exist at all.

Another scam involves companies who sell "do it yourself" loan modification software. There is no reason to pay for this software. All the information you need about available government programs is contained on the websites for the programs. Information on the federal Making Home Affordable programs such as HAMP can be found at www.makinghomeaffordable.gov/.

Red Flags

- *The company demands an up-front fee or postdated checks to negotiate with your lender, to prepare documents to be sent to your lender, or to sell you a program they claim will result in foreclosure prevention or a loan modification.*
- *The company tells you to stop paying your mortgage or to stop communicating with your mortgage lender or servicer.*
- *The company guarantees that you will prevent foreclosure or obtain a loan modification by purchasing their goods or services.*
- *The for-profit company tells you that their programs or services have been approved by, or are affiliated with, the federal government.*
- *The company advertises that it has obtained principal reduction, reduction in monthly mortgage payments, or other relief for consumers that seem too good to be true.*
- *The company asks you to sign a deed transferring your property to them and promises that once you have caught up with the past due mortgage payments, your home will be transferred back to you.*
- *The company tells you to sign over the deed to your home so it can work with your mortgage company to "save" your home from foreclosure.*

- *The company asks you to pay a "service fee" to locate a lender or buyer for your home.*
- *The company offering to save your home from foreclosure rushes you through the transaction and urges you to sign documents immediately or before you have a chance to fully understand them.*
- *The company promises to personally pay your past due mortgage payments directly to the original lender.*
- *The company promises to help you obtain benefits under the national mortgage settlement or to help you obtain benefits faster.*

Protect Yourself

- *Never pay an up-front fee for any good or service that claims to:*
  - *Stop, prevent, or postpone a foreclosure proceeding;*
  - *Negotiate, arrange, or obtain a loan modification;*
  - *Obtain a forbearance or modification of the time in which payments are due; or*
  - *Negotiate, obtain, or arrange a short-sale of your property or a Deed-in-Lieu of Foreclosure on your property.*
- *Contact the United States Department of Housing and Urban Development (HUD) or visit its website at www.HUD.gov to find a HUD approved housing counselor in your area that can help you with your housing needs free of charge.*
- *Contact the Nationwide Mortgage Licensing System (NMLS) or visit its website at www.NationwideLicensingSystem.org to determine if the "rescue company" you are considering dealing with is a licensed loan originator, and if so, whether it has a disciplinary record.*
- *If the "rescue company" claims to be a law firm offering to legally represent you or to be otherwise affiliated with a law practice, contact the State Bar of Arizona at http://www.azbar.org/Lawyers to determine if the company you are dealing with is licensed to practice law in the State of Arizona, and if so, whether the attorneys have a disciplinary record.*
- *Fraudulent companies often find consumers facing foreclosure by searching public records. Then they contact the consumers pretending to be associated with the consumer's lender or servicer. If you are unsure about the source of any contact, do not give out any personal information, hang up the phone, and call your lender or servicer directly using contact information found on monthly billing statements or other verified correspondence from your lender or servicer.*
- *Before signing any mortgage-related documents, you should consult either:*
  - *an attorney*
  - *a financial advisor, or*
  - *a non-profit mortgage counseling agency, a HUD-certified counselor.*
- *Before signing any mortgage-related document, you should also:*
  - *Read every document carefully.*
  - *Do not sign contracts or documents that have blank spaces.*
  - *If a document is in a language that you do not understand, ask to arrange for someone you trust, who is fluent in the language used in the document, to review and translate the document.*
  - *Be sure that you understand the contents of any document before signing it.*
- *Never sign over the deed to your home as part of a foreclosure avoidance transaction. A deed should be signed over only if you intend to sell the home for a fair price.*

For more information on resources to help consumers avoid foreclosure, visit www.azmortgageresource.gov/.

Consumers who find themselves strapped financially sometimes turn to payday loans, tax return anticipation loans, or car title loans as a quick source of cash. Unfortunately, these loans often result in an endless cycle of debt for the consumer.

Tax return anticipation loans (also called RAL) are secured by and repaid from a pending income tax refund. The proceeds of the loan may be available a few days faster than the tax refund, but consumers can expect to pay high fees to borrow their own money. According to a recent report by the Consumer Federation of America and the National Consumer Law Center, RAL loans cost $100, on average, depending on the size of the refund, in addition to other extra fees for tax preparation and assorted services. The interest rate on "RAL" loans could range from about 40% to over 700% APR (annual percentage rate). A refund anticipation loan is risky because it must be repaid even if the taxpayer's refund is denied, less than expected, or frozen.

Auto title loans are also short term, high cost loans that can result in even more debt than the consumer initially owed or in the loss of the borrower's car or truck. With an auto title loan, the consumer borrows money and promises to repay the loan in a short time, often 30 days later. As security or backing for the loan, the consumer gives the lender a security interest in the consumer's vehicle, sometimes also handing over a duplicate set of keys. If the borrower does not repay the loan by the due date, the loans are frequently rolled over for an additional fee. If the borrower still cannot repay the loan, the lender may take the vehicle or sue the consumer for the amount owed, plus attorneys fees and costs of bringing the action.

Thus, the borrower may lose a car that may be worth over $10,000 as a result of a $2,000 loan.

Payday Loans – Illegal in Arizona

Payday loans, loans where lenders advance money to consumers that does not become due until the consumers' next payday, and that have an annual interest rate of more than 36%, are illegal in Arizona. However, some lenders continue to market these loans to Arizona consumers over the Internet. Consumers should be aware that these loans have very high interest rates and, if not paid off quickly and instead "rolled over," can become very difficult to pay off, with additional fees and interest accruing every time a consumer delays repayment.

Pre-Paid Debit Cards

As with payday loans, be aware of pre-paid debit cards that some lenders now use instead of traditional payday loans. These are loans in the form of a pre-paid debit card that the consumer agrees to pay off on their next payday, or when they receive their monthly government check. If the consumer cannot pay off the outstanding balance of the card, plus fees and interest, they can roll it over, resulting in additional fees and interest added to the amount that must be repaid. These pre-paid cards often have triple-digit APRs that can be very difficult for many consumers to ever pay off, putting them in an endless cycle of debt.

Red Flags

- *High interest rates. Auto title and other consumer loan products may carry very high interest rates, up to triple digits APR.*
- *Loans that "roll over." Be cautious about agreeing to a loan if you may not be able to repay when due. Avoid taking out a second loan to repay the first one.*
- *Loans requiring a single balloon payment, unlike most consumer debt that allows for partial installment payments.*
- *No consideration of borrower's ability to repay.*

Protect Yourself

- *Under the Truth in Lending Act, you are entitled to know the cost of any type of credit applied for and to receive the information in writing, including the Annual Percentage Rate and the dollar amount of finance charges. Read this material carefully before you enter into the loan.*
- *Look to alternative sources for loans that do not carry such high interest rates or fees, such as credit unions, community based organizations, your employer, family or friends, or a cash advance on your credit card.*
- *Check with the Arizona Department of Financial Institutions if you are looking for a company to provide a consumer loan of less than $10,000 (www.azdfi.gov).*
- *Make sure that you can realistically pay the loan back when it becomes due before agreeing to its terms.*
- *To avoid taking out a tax refund anticipation loan to shorten the time before the refund is available, file your tax return electronically (E-file) with the refund deposited directly into your bank account. You should receive your refund in seven to ten business days.*
- *Seek help from a reputable consumer credit counseling service.*

Internet Loan Scam

Arizonan consumers are being warned about applying for personal loans over the Internet. Arizona consumers have reported to the Attorney General's Office a scam offering personal loans to help them meet their financial obligations. These scams are sophisticated because they take a victim through a 'loan approval process,' but these 'lenders' are scam artists looking to get your money. Once they have your money, they may disappear along with their website and phone numbers.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

There are thousands of companies which use lottery and sweepstakes offers in email, cards, letters and faxes to convince you to send them money. These solicitations are only intended to separate you from your hard-earned money. Unfortunately, senior citizens seem to be especially likely to receive and respond to these solicitations.

International Lottery Scams

"Congratulations! You may receive a certified check for up to $400,000,000 U.S. CASH! One Lump sum! Tax free! Your odds to WIN are 1-6." "Hundreds of U.S. citizens win every week using our secret system! You can win as much as you want!"

Sound great? It's a fraud. Most promotions for foreign lotteries are likely to be phony.

Criminals — often based in Canada — are using the telephone, direct mail and email to entice you to buy chances in high-stakes foreign lotteries from as far away as Australia and Europe. Consumers, lured by prospects of instant wealth, are responding to the foreign lottery solicitations, to the tune of $120 million a year, according to the U.S. Postal Inspection Service.

- If you play a foreign lottery — through the mail or over the telephone — you're violating federal law.
- **NEVER DISCLOSE YOUR INCOME AMOUNT, CREDIT CARD, DEBIT CARD OR BANK ACCOUNT NUMBERS.**
- Sometimes the prize letter itself requests that you provide bank account information so they can wire prize money directly to your account.
- With this information, the criminal gains access to your bank account and may be able to transfer money out of that account illegally. At other times, criminals will use your credit card numbers to run up charges.
- The criminal's scheme may require a small payment for "processing" or "taxes" or "conversion of currency." Do not pay. You will NEVER see your money again.
- You will NEVER win a foreign lottery.
- Most U.S. law enforcement agencies can attempt to get your money back only if the criminals are within the United States borders. If the perpetrators are outside of the country, consider your money lost forever.

THE BOTTOM LINE: Ignore all email, mail and phone solicitations for foreign lottery promotions.

"Nigerian" Letter Prize Notification Scam

These scams originated in Nigeria in the 1980s but now come from many countries, including European countries, Canada, South Africa and Laos. If you have an email account, you probably have received one of these notices.

The criminals' stories seem endless. In one email, a high-ranking government official is supposedly contacting you, while in another email, a bank employee is notifying you that you are the next of kin to a dead millionaire. Both the official and bank employee need help in transferring millions of dollars to the United States. They promise to give a percentage of the money transferred to you as payment for providing your bank account number to receive the funds or for "good faith" payment up front.

Obtaining advance fees or income information, personal bank account, credit or debit card information from you is the criminal's ultimate goal. NEVER disclose your income amount, credit card, debit card or bank account numbers. You WILL lose your money.

No Purchase Necessary

You've probably heard the phrase before. Well, it's absolutely true... and a good phrase to remember when considering entering any sweepstakes or contest. **If you have to buy a product or pay a fee to claim an award or prize, you have not won anything because you've essentially "bought" your prize.**

- You are not a winner if you must first send money for taxes or as a fee. **Never send money in advance of receiving the prize. Never pay to redeem a prize.** Most likely you will not receive the prize or the prize will be worth less than you paid, even though the prize sounds expensive.
- **NEVER disclose your income amount, credit card number, debit card or bank account information when entering a contest or sweepstakes.**
- **Fake checks.** Do not participate in contests or sweepstakes or respond to advertisements that resemble a check, bill or invoice – especially if it was sent through the mail at a bulk shipping rate.
- Don't buy just to increase your chances of winning. If you must play, enter without buying anything.
- Best advice: Toss contest and sweepstakes mailers in the garbage.

Protect Yourself

- *Be suspicious of junk mail solicitations.*
- *Hang up on persistent callers. If calls become threatening, notify law enforcement.*
- *Once you have fallen victim to one scam, it is likely you will be targeted for future scams. BE AWARE!*
- *If you have lost money, report it at once. Contact the Arizona Attorney General's Office (www.azag.gov).*

Social Security Scam

Consumers are being warned about a Social Security scam that has targeted Arizona Consumers. Consumers are receiving calls from scam artists claiming to be from the Social Security Administration. When these people call, they say that they need to verify the consumer's Social Security number, and ask the consumer to provide the first three digits of their Social Security number. Once the consumer gives the first three digits, the caller then tries to guess the next two digits, and in doing so, often prompts the consumer to provide those numbers.

This is a scam. The Social Security Administration will never call to confirm a Social Security number. If you receive such a call, do not give out any part of your Social Security number.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

Telemarketing Rip-offs

Every year, thousands of consumers lose money to telemarketing con artists. Some companies that sell items over the phone are legitimate, but many are not. Be especially suspicious when anyone attempts to sell you something over the telephone.

The Federal Trade Commission's (FTC) Do Not Call Registry allows you to stop getting telemarketing calls at home. You can register by calling 888.382.1222 (TTY 866.290.4236) **from the number you wish to register.** You may also register up to three phone numbers at a time online at www.donotcall.gov. You can register cell phone numbers as well as land lines on the Do Not Call Registry.

Some callers are not subject to the Do Not Call Registry, such as charities, political organizations, telephone surveyors, or businesses with whom you have an established relationship. If you receive a telemarketing call after you are registered on the Do Not Call list, get the company's name or telephone number and then file a complaint with the Federal Trade Commission (FTC) at www.donotcall.gov.

Arizona's telephone solicitations statute (A.R.S. §§ 44-1271 through 44-1282) requires covered telemarketing companies to file a registration statement with the Secretary of State (www.azsos.gov) and post a bond with the State Treasurer's Office (www.aztreasury.gov) before they can solicit customers over the telephone. Arizona law also requires all telemarketing companies to tell their customers, both orally and in writing, that they have the right to cancel their order within three days after receiving the merchandise or any gift, bonus, prize or award.

In some instances, credit card companies will issue a credit to your account if charges are unauthorized or the product is not as promised. It is important to contact your credit card company as soon as you realize there is a problem, as they will issue a credit only for a limited time.

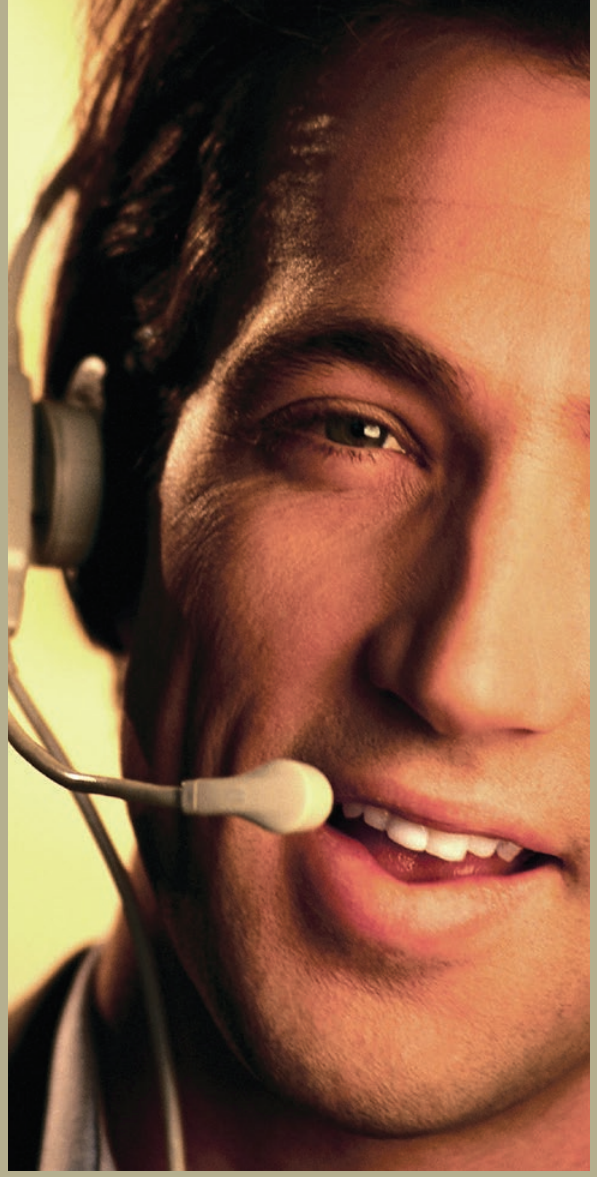
Red Flags

- *"Act now" or the offer will expire.*
- *You have won a "free" gift, vacation or prize, but you must pay for "shipping and handling" or other charges before you get your prize.*
- *Insistence on an in-home presentation or product demonstration.*
- *Insistence on payment in cash or that your payment must be picked up by a courier.*
- *Statements that it is not necessary to check on the company with a government agency or consumer organization.*
- *Refusal to send information about the offer in writing for you to review.*
- *A contract that does not reflect the terms or promises made in the telephone sales call.*

Protect Yourself

- *Place your phone number on the National Do Not Call Registry (www.donotcall.gov).*
- *If it sounds too good to be true, it probably is.*
- *Screen your calls. Let an answering machine pick up calls from unknown callers. Most telemarketers will not leave messages. If a telemarketer does leave a message, you do not have to call back.*

- *Never give out your bank account, credit card information or Social Security number to a caller you do not know.*
- *Never agree to let someone pick up your check or other form of payment.*
- *If the deal sounds good but you still have questions, ask the company for information in writing before paying for any goods or services. A legitimate company will be happy to oblige.*
- *Do your own research before buying from a telemarketer. Check with the Better Business Bureau (www.bbb.org) to see if there are complaints against the company. Use an online search engine to gather additional information about the company and spot potential red flags.*
- *Check with the Arizona Secretary of State (www.azsos.gov) to assure the telephone is solicitor is registered.*
- *Changed your mind? Many sales must be canceled, in writing, within three days, so do not delay.*
- *Give yourself a cooling off period, if the deal is a good one now, it will still be a good deal after you have given yourself a week to look into the company and think over your purchase.*
- *Realize that some telemarketers work on commission and will say anything to make a sale.*
- *Hang up!*



Consumer Advisory: Tips on Spotting Travel Scams

Summer may already be half over, but there is still time to take that well-earned vacation. Consumers should make travel plans carefully and be aware of potential travel scams. The Attorney General's Office has received information from Arizona travelers reaching their destination, only to find that the lodging arrangements they made were not legitimate. Travelers often lose the up-front money paid to the scammers and are also left with no play to stay.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

If you are behind in paying your bills, expect to hear from a "debt collector." Debt collectors are individuals other than the creditor, who regularly collects collect owed to someone else. Lawyers who collect debts on a regular basis are considered debt collectors as well. While some collection agencies operate ethically and within the law, **debt collection scams** are on the rise, and you need to be aware of some of their tactics.

Consumers: If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a "debtor." Typically a debt collection company will purchase debt from the original creditor who is essentially trying to cut its losses.

Oftentimes citizens who are targeted by scammers either have no debt or have been victims of identity theft. Scammers will contact citizens notifying them that the company calling has taken over their debt. These individuals will claim to have victims' personal information (sometimes they actually do), and demand that they pay their debts or face arrest. They even use fake names to sound more official and seem credible. Often they will call multiple times to harass victims.

Additionally, there are a growing number of cases where debt collectors persuade consumers to pay a small percent of the amount due. Once they receive that payment the debt will be cleared.

Many have fallen for these scams, giving the callers their credit card or bank account numbers.

Businesses: If you are considering third party collection agencies to recover delinquencies for your business, make sure they operate within the Fair Debt Collection Practices Act guidelines, and that they have a clear track record of handling customers in a respectful, ethical manner.

Failing to do so could expose you to possible litigation from a debtor accusing your agency of abuse, harassment or other practices outside the law.

Harassment can include using verbally abusive and obscene language, threatening violence or using demeaning types of behavior.

Credit Clean Up – Credit Repair Companies

Everyday companies target people who have poor credit histories with promises to clear their credit reports so they can get a car loan, a home mortgage, insurance, or even a job. The truth is no one can remove accurate negative information from your credit report.

Red Flags

- *Collectors calling before 8 in the morning or after 9 at night. A debt collector may not contact you at inconvenient times.*
- *Unless you agree to it, collectors may not contact you at work if they're told (orally or in writing) that you're not allowed to get calls there.*
- *Friends and family are contacted more than once about your debt. Collectors may only ask third-party individuals for information on how to contact you. Information about your debt is only between you, your spouse or your attorney.*
- *There is no notice of the money you owe and to whom. Collectors must send a written "validation notice" telling you the amount you owe within five days after they first contact you. This notice also must include the name of the creditor to whom you owe the money, and how to proceed if you don't think you owe the money.*

- *You are still being contacted despite informing the collecting agent that the debt is not yours.*
- *Collectors use threats such as arrest, garnishment of wages and property seizure. They may not take such action unless allowed by law and with clear intent.*
- *Depositing a post-dated check early*
- *Threats to garnish federal benefits*

Protect Yourself

- *Talk with the collector to try to find a resolution. If you don't think you owe the debt, can't repay it immediately or think that the collector is contacting you by mistake, you can tell the collector – in writing – to stop contacting you.*

Make a copy of your letter. Send the original by certified mail, and pay for a "return receipt" so you'll be able to document what the collector received. Once the collector receives your letter, they may not contact you again, with two exceptions: a collector can contact you to tell you there will be no further contact or to let you know that they or the creditor intend to take a specific action, like filing a lawsuit. Sending such a letter to a debt collector you owe money to DOES NOT get rid of the debt. It should just stop the contact.

- *Control what debts each of your payments go to. Collectors must apply any payment you make to the debt you select. Equally important, a debt collector may not apply a payment to a debt you don't think you owe which is in dispute.*
- *Get information from the Arizona Department of Financial Institutions. This agency enforces Arizona laws applying to collection agencies and debt management companies. (www.azdfi.gov)*

Contact the Federal Trade Commission (www.ftc.gov) for information on federal debt collections laws.

Debt Settlement/Debt Relief Companies

If you've maxed out your credit cards and are getting deeper in debt, chances are you're feeling overwhelmed. Now imagine hearing about a company that promises to reduce – or even erase – your debt for pennies on the dollar. Sounds like the answer to your problems, right?

Many different kinds of services claim to help people with debt problems. Among them are "debt settlement" companies that say they'll negotiate with your creditors to reduce the amount you owe– for anywhere from 30 to 70 percent of the balance. For example, if you owe $10,000 on a credit card, a debt settlement company may claim it can arrange for you to pay off the debt for less, say $4,000.

But there is no guarantee that debt settlement companies can persuade a credit card company to accept partial payment of a legitimate debt. Even if they can, you must put aside money for your creditors each month. Meanwhile, it may be months – or even years – before the debt settlement company negotiates with your credit card company to settle your debts. And, if you stop making your payments in the meantime, late fees and interest charges accrue, potentially causing your original debt to double or triple.

If you decide to pay a company to negotiate your debt, do some research before you choose one. Consider other people's experiences with debt settlement companies. Check with the Better Business Bureau (us.bbb.org) or enter the company name with the word "complaints" into an Internet search engine. Read what others have said. You are making a big decision to spend money that could go toward paying down your debt.

Debt Settlement Fees

Companies that sell debt settlement and other debt relief services by phone cannot charge or collect a fee before they settle or reduce your debt.

If you do business with a debt settlement company, you may be required to deposit money for the company's fees and potential settlements into a dedicated bank account, which will be administered by an independent third-party called an account administrator. The account administrator may charge you a reasonable fee – as long as:

- the account is at an insured financial institution;
- you own and control the funds (and any interest accrued), and can withdraw them at any time;
- the debt settlement company doesn't own, control or have any affiliation with the account administrator;
- the debt settlement company doesn't split fees with the account administrator; and
- you can stop working with the debt settlement company at any time without paying a penalty. If you decide to end the relationship with the company, it must return the money in the account to you within seven business days – minus any fees the company legitimately earned.

Red Flags

Avoid doing business with any company that promises to settle your debt if the company:

- *charges any fees before it settles your debts*
- *touts a "new government program" to bail out personal credit card debt*
- *guarantees it can make your unsecured debt go away*
- *tells you to stop communicating with your creditors*
- *tells you it can stop all debt collection calls and lawsuits*
- *guarantees that your unsecured debts can be paid off for just pennies on the dollar*

Protect Yourself

The debt settlement company must give you information about the program before you enroll:

- ***Fees and terms.*** *Before you sign up for the service, the company must explain its fees. There may be flat fee for each debt you want to settle, or a contingency fee based on a percentage of the amount of money they save you. The company also must tell you about any conditions on its services, and if it has a refund policy, or a no-refund policy, before you enroll.*
- ***Results.*** *The company must tell you how many months or years it will be before the company will make an offer to each creditor.*
- ***Offers.*** *The company must tell you how much money you must pay into the account before it will make an offer to each creditor.*
- ***Non-payment.*** *The company must tell you about the negative consequences of not paying your debts, including:*
  - *damage to your credit report and credit score;*
  - *your creditors may sue you or continue with the collections;*
  - *your credit card companies may charge you additional fees and interest, which will increase the amount you owe.*

Arizona Agencies and Organizations

Arizona Attorney General's Office
1275 West Washington Street
Phoenix, AZ 85007
www.azag.gov

Consumer Information and Complaints
602.542.5763 (Phoenix)
520.628.6504 (Tucson)
1.800.352.8431
(In-State Toll Free)
consumerinfo@azag.gov

Identity Theft Help Line
602.542.2145 (Phoenix)
800.352.8431 (Outside Maricopa and Pima Counties)
identitytheft@azag.gov

Arizona Corporation Commission
1300 West Washington Street
Phoenix, AZ 85007
602.542.3026 (Phoenix)
520.628.6550 (Tucson)
www.azcc.gov/divisions/corporations

Arizona Department of Economic Security
Family Assistance Administration
P.O. Box 40458
Phoenix, AZ 85067-9917
602.542.4791
www.azdes.gov

Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, AZ 85007
602.771.2300
800.234.5677
www.azdeq.gov

Arizona Department of Financial Institutions
(Formerly State Banking Department)
2910 North 44th Street
Suite 310
Phoenix, AZ 85018
602.255.4421 (Phoenix)
1.800.544.0708 (In-State Toll Free)
www.azdfi.gov

Arizona Department of Health Services
150 North 18th Avenue
Phoenix, AZ 85007
602.542.1025
azdhs.gov

Arizona Department of Housing
1110 West Washington Street
Suite 310
Phoenix, AZ 85007
602.771.1000
www.azhousing.gov

Arizona Department of Insurance
2910 North 44th Street
Suite 210
Phoenix, AZ 85018
602.364.2499 (Phoenix)
520.628.6370 (Tucson)
1.800.325.2548 (In-State Toll Free)
www.insurance.az.gov

Arizona Department of Public Safety
2102 West Encanto Boulevard
Phoenix, AZ 85009
602.223.2000
520.628.6940
www.azdps.gov

Arizona Department of Real Estate
2910 North 44th Street
Phoenix, AZ 85018
602.771.7799
www.azre.gov

Arizona Department of Revenue
1600 West Monroe
Phoenix, AZ 85007
602.255.3381 (Phoenix)
520.628.6600 (Tucson)
www.azdor.gov

Arizona Department of Veterans Services
3839 N. 3rd St.
Suite 200
Phoenix, AZ 85012
602.255.3373
www.azdvs.gov

Arizona Department of Weights and Measures
4425 West Olive
Suite 134
Glendale, AZ 85302
602.771.4920
1.800.277.6675 (Outside Phoenix Metro Area)
www.azdwm.gov

Arizona Legislative Information Services (ALIS)
www.azleg.state.az.us

Arizona Medical Board
9545 East Doubletree Ranch Road
Scottsdale, AZ 85258
480.551.2700
www.azmd.gov

Arizona Registrar of Contractors
1700 W. Washington St.
Phoenix, AZ 85007
602.542.1525 (Phoenix)
1.877.692.9762 (Toll Free Outside of Maricopa County)
www.azroc.gov

Arizona Saves
6633 North Black Canyon Highway
2nd Floor
Phoenix, AZ 85015
602.246.3510 (Phoenix)
1.877.989.3500 (In-State Toll Free)
www.arizonasaves.org

Arizona Secretary of State
1700 West Washington Street
7th Floor
Phoenix, AZ 85007
602.542.4285 (Phoenix)
520.628.6583 (Tucson)
1.800.458.5842 (In-State Toll Free)
www.azsos.gov

Arizona State Statutes
Many public libraries and law libraries provide public access to the state statues in book form, including:

Arizona State Library Archives and Public Records, Law and Research Division
General Info: 602.926.3870
Law Related: 602.926.3948
www.azlibrary.gov

Maricopa County Law Library
602.506.3461
www.superiorcourt.maricopa.gov/lawlibrary

Statutes can be accessed online at
www.azleg.state.az.us/ArizonaRevisedStatutes.asp

Arizona State Treasurer
1700 W. Washington, First Floor
Phoenix, AZ 85007
602.604.7800 (Phoenix)
1.877.365.8310 (Toll Free)
info@aztreasury.gov
www.aztreasury.gov

The Better Business Bureau of Central/Northern Arizona
4428 North 12th Street
Phoenix, AZ 85014
602.264.1721 (Phoenix)
1.877.291.6222 (Toll Free)
www.arizonabbb.org

The Better Business Bureau of Southern Arizona
5151 E. Broadway
Suite 100
Tucson, AZ 85711
520.888.5353 (Tucson)
1.800.696.2827 (Outside Metro Tucson)
www.tucson.bbb.org

Consumer Reports
www.consumerreports.org

Credit Reporting Agencies

Equifax 1.800.685.1111
P.O. Box 770241
Atlanta, GA 30374
www.equifax.com

Experian 1.888.397.3742
475 Anton Bld.
Costa Mesa, CA 92626
www.experian.com

TransUnion 1.800.888.4213
P.O. Box 505
Woodlyn, PA 19094
www.transunion.com

For a free annual copy of your credit report, contact
www.annualcreditreport.com

Federal Communications Commissions (FCC)
445 12th Street, SW
Washington, DC 20554
1.888.225.5322 (Toll Free)
1.888.835.5322 (TTY)
www.fcc.gov

Federal Trade Commission (FTC)
600 Pennsylvania Ave., NW
Consumer Response Center
Washington, DC 20580
202.326.2222
1.877.FTC-HELP (382.4357)
ID Theft Hotline 1.877.ID-Theft (1.877.438.4338)
www.ftc.gov

Immigration Office
1330 S. 16th St.
Phoenix, AZ 85034
602.379.3118
1.800.375.5283
www.uscis.gov/portal/site/uscis

Resources and Information Relating to the National Mortgage Settlement

For more information or, if you believe that you may be eligible for relief under the settlement, please contact the agencies listed here:

Attorney General's Mortgage Settlement dedicated telephone numbers:

602.542.1797 (Metropolitan Phoenix)
855.256.2834 (Outside Phoenix Metro Area (Toll Free))

Attorney General's Mortgage Settlement dedicated email:
mortgagefraud@azag.gov

Attorney General's website:
http://www.azag.gov/consumer/foreclosure/settlement.html

To file a consumer complaint with the Attorney General's Office:
http://www.azag.gov/consumer/complaintformintro.html

Consumer Information and Complaints telephone numbers:
602.542.5763 (Phoenix)
520.628.6504 (Tucson)
800.352.8431 (Toll Free)

National Settlement website:
http://www.nationalmortgagesettlement.com

HUD website:
http://portal.hud.gov/hudportal/HUD

Department of Justice website:
www.DOJ.gov

U.S. Trustee's national settlement website for borrowers in bankruptcy:
http://www.justice.gov/ust/eo/public_affairs/consumer_info/nms/index.htm

Mortgage Servicer Hotlines Regarding Mortgage Settlement:
Bank of America: 877.488.7814
JP Morgan Chase: 866.372.6901
Wells Fargo: 800.288.3212
CitiBank: 866.272.4749
Ally/Residential/GMAC: 800.766.4622

Media Consumer Advocates

3 On Your Side – Phoenix
5555 N. 7th Ave.
Phoenix, AZ 85013
3oys@azfamily.com
www.azfamily.com

CBS 5 Investigates – Phoenix
4016 N. Black Canyon Highway
Phoenix, AZ 85017
602-650-0711
5iteam@kpho.com
www.kpho.com/iteam

Fox 10 News Room – Phoenix
511 W. Adams St.
Phoenix, AZ 85003
602.262.5109
press@myfoxphoenix.com
www.myfoxphoenix.com

NBC 12 For Action – Phoenix
200 E. Van Buren
Phoenix, AZ 85004
602-260-1212
1-866-260-1212 (Outside Maricopa County)
http://www.azcentral.com/business/call12foraction/
http://www.azcentral.com/business/call12foraction/call12-form.html

ABC 15 Investigates – Phoenix
515 N. 44th St.
Phoenix, AZ 85008
602-685-6399
investigators@abc15.com
http://www.abc15.com/subindex/news/local_news/investigations

NBC 4 KVOA News Tips – Tucson
209 W. Elm St.
Tucson, AZ 85705
520.624.2477
newstips@kvoa.com
http://www.kvoa.com/home/

ABC 9 KGU On Your Side – Tucson
7280 E. Rosemont St.
Tucson, AZ 85710
520.290.7726
http://www.kgun9.com/features/consumer/128275608.html
http://www.kgun9.com/features/

CBS 13 KOLD – Tucson
7831 N. Business Park Dr.
Tucson, AZ 85743
520.774.1313
http://www.kold.com/story/845837/you-ask-kold-news-13-answers
http://www.tucsonnewsnow.com

NBC 11 News Desk-Yuma
1385 S. Pacific Ave.
Yuma, AZ 85365
928.782.4944
news@kyma.com
http://www.kyma.com/

US Government Agencies

U.S. Attorney, District of Arizona
40 North Central Avenue
Suite 1200
Phoenix, AZ 85004
602.514.7500 (Phoenix)
520.620.7300 (Tucson)
928.556.5000 (Flagstaff)
928.314.6410 (Yuma)
www.usdoj.gov/usao/az

U.S. Comptroller of the Currency
Customer Assistance Group
1301 McKinney Street
Suite 3450
Houston, TX 77010
1.800.613.6743
Customer.assitance@occ.treas.gov
www.occ.treas.gov

U.S. Department of Housing and Urban Development (HUD)
1 North Central Avenue
Suite 600
Phoenix, AZ 85004
602.379.7100 (Phoenix)

Tucson HUD Field Office
6245 E. Broadway, Suite 350
Tucson, AZ 85711
520.670.6000

U.S. Postal Service
Inspection Service Operations Support Group
ATTN: Mail Fraud
222 South Riverside Plaza
Suite 1250
Chicago, IL 60606-6100
1.888.877.7644 (Toll Free)
1.800.372.8347 (Postal Inspection Service Mail Fraud Complaint Center)
www.usps.com

Rebate Scams

Consumers are being cautioned about suspicious phone calls or email from people claiming to be from the Internal Revenue Service. IRS officials have reported consumers receiving post-cards announcing "Rebate Credit!" and email with the IRS logo seeking Social Security and bank account numbers to complete the processing of the rebate payment. Often recipients are led to believe that failing to provide the information will prevent them from receiving their rebate or refund or even cause them to be audited. Email attachments can also contain spyware that enables thieves to steal victims' personal and financial information.

*(For the full version of this Scam Alert visit **www.azag.gov**)*

Important Information About Consumer Complaints

The Arizona Attorney General has the authority to bring actions alleging violations of the Consumer Fraud Act. Consumer fraud is defined as any deception, false statement, false pretense, false promise or misrepresentation made by a seller or advertiser of merchandise. Concealment, suppression or failure to disclose a material fact may also be considered consumer fraud in certain instances. Merchandise is broadly defined to include any objects, wares, goods, commodities, real estate or intangible items such as services. The Consumer Fraud Act is found at Arizona Revised Statutes (A.R.S.) §§ 44-1521 through 44-1534.

The Attorney General's Office does not have the authority to represent individual consumers. However, our consumer experts look into every complaint. They provide an opportunity for the business named in the complaint to resolve the dispute voluntarily. If the complaint is not resolved, it is reviewed for further action by our office. If we file a consumer fraud lawsuit for a matter in which you filed a complaint, you may be named as a victim in our complaint or called as a witness at trial (with your consent).

If you believe you are the victim of consumer fraud, please file a complaint with all the requested information. Please also send us copies of any documentation to support your complaint (for example, a copy of a contract, phone records, the names and addresses of persons involved). Complaint forms and instructions for filing are on our web site at www.azag.gov. You may also request a form be mailed to you by contacting the Attorney General's Consumer Information and Complaints Office in Phoenix at 602.542.5763; in Tucson at 520.628.6504; or outside Maricopa and Pima Counties at 800.352.8431.

To stay ahead of the rapidly changing consumer scams and schemes, please sign up for Scam Alerts on the Attorney General's website at www.azag.gov.

5 Good Consumer Tips

1. If it sounds too good to be true, it probably is.
2. Use strong passwords for your computer, mobile devices and gaming stations. Create unique passwords for all of your accounts.
3. Shred your documents containing personal identifying information when you no longer need them. Do not just toss your documents in the trash.
4. Do not send money to collect "a prize." You do not have to pay to collect a prize.
5. It's better to avoid a problem than try to fix it later.

For more information, contact:

Crime, Fraud & Victim Resource Center
Arizona Attorney General's Office
1275 West Washington Street
Phoenix, Arizona 85007
602.542.2123 or 800.352.8431
communityservices@azag.gov

Subscribe to the Attorney General's scam alerts and messages on current issues at www.azag.gov.

www.azag.gov

Publications available from the Arizona Attorney General's Office include:

- Civil Rights:
  - Employment Discrimination - Get the Facts
  - Discrimination in Places of Public Accommodation
  - Housing Discrimination - Get the Facts
  - Voting Discrimination
- Consumer Guide for Young Adults
- Identity Theft
- Internet Safety Guide for Parents and Teens
- Life Care Planning
- Victims' Rights