

Lesson 5: Financial Scams

Part 2

Student Guide Pages: 63-69

Lesson Objectives: By the end of this lesson, your students should be able to:

- identify five simple steps they can take to protect themselves from identity theft

Lesson Summary:

This lesson discussed five simple ways to protect yourself from identity theft:

- **Get a locked mailbox.** Remember that most ID crimes happen through the mail. And never give your personal information online.
- **Set up a profile with your bank.** Tell them your spending habits so they can spot any irregular activity.
- **Lie!** Don't give your mother's real maiden name; make one up.
- **Visit optoutprescreen.com.** This removes you from preapproved credit card offers.

- **Use a Sharpie.** Write “Check ID” all over your credit and debit cards.

How do you protect against financial scams that are not necessarily part of identity theft? Some of the simplest things you can do are:

- **Sleep on it.** If it is a good deal today, it should be a good deal tomorrow.
- **Call them back and ask for more information.** If you receive a cold call with a sales pitch, ask to call them back, request a brochure, or ask for a physical office address.
- **Ask for references.** Ask to speak to someone they have worked with. A great reference is to call your State Corporation Division, which records all the companies licensed to do business there. The company should have a good-standing rating.
- **Ask yourself what else you would buy?** Also ask where else you might buy that product or service. Often, you can find the same thing at a lower price elsewhere.
- **Pretend you are buying a refrigerator.** What questions would you ask if you were? Ask those same questions if you are approached to buy a financial product.
- **Ask the salesperson to break the product price down.** What is their commission? What are the annual fees? What are the taxes?

- **Realize that often, *you* are the problem.** If a salesperson sells you a car you can't afford, is it their fault or yours? Think about it. Did they force you, or did your greed get the best of you? Sleep on it, wait a day, and take a walk before making a purchase. Often, the person you have to protect yourself against is you!

Review Questions:

- One of the tips in this lesson is to write "Check ID" all over the front and back of your credit cards. An identity criminal could steal your wallet and simply remove this with rubbing alcohol, so what's the point?

Answer: Even though an ID criminal could erase these words, by writing them, you send a signal that you have done all the other stuff to protect yourself from ID theft. Remember that criminals are looking for easy targets, the low-hanging fruit. If they see that precautions have been taken, they'll simply move on to the next person.

- How do you protect yourself from financial scams that aren't actually illegal, just a bit sleazy?

Answer: There are lots of things you can do. Shop around to find out a product's true value. Ask many questions: "Does this

price include everything? What's not included? Are there any additional charges?"

Homework Assignment:

Have students pick one of the five suggested steps to protect themselves from ID theft and complete that tip as homework, though the Sharpie tip can be done as a class. The next day, ask students to explain what they did and how. Did they change their security questions? Did they set up a profile with their bank? Did they go to optoutprescreen.com?

Class Activity:

Pass around some Sharpie markers and ask everyone to write "Check ID" on the front and back of their cards. This is a simple but practical exercise, and there is nothing more powerful than taking immediate action!

Additional Information:

www.usa.gov: This government website offers up-to-date information on the latest financial scams you should be aware of.

www.ftc.gov: The Federal Trade Commission is a frequently updated government website where you can find information on financial scams. You can also file a complaint here.

www.betterbusinessbureau.com: The Better Business Bureau will keep you updated on new and current scams with their scam alert.

www.dmadirect.org: Visit the Direct Market Association to reduce your junk mail!

www.optoutprescreen.com: Go here to eliminate your name from preapproved credit card offers.

www.donotcall.gov: The National Do Not Call Registry is a database maintained by the United States federal government, listing the telephone numbers of individuals and families who have requested that telemarketers not contact them.

State attorney general's office or secretary of state: Look up the information to contact these, as they typically handle scams and fraud claims.

Fun Facts:

According to smartcredit.com, about 15 percent of victims don't learn of their identities being stolen for four or more years.

Notes: _____

Identity Theft

What to Do If You Have Already Become a Victim

- **Notify your bank and credit card companies.** They will put fraud alerts on your cards and will most likely issue new ones to you, typically within five to seven days. You can also ask them what else you should do. Do this quickly! If your money is stolen or someone charges debt in your name, you are not responsible for damages beyond \$50 per account; however, time is of the essence, so handle this the moment you realize it.

- **File a police report.** If your identity has been stolen, it is no different than someone stealing your car. The police must be involved. If you do not file a police report, you may be held responsible for any stolen money or goods or criminal activity done in your name.

- **Visit www.annualcreditreport.com.** You can freeze your credit report so no one can access it. This can be a bit of a pain, so you might have to call each of the credit bureaus, but their numbers are readily available on the site.

- **Do all the other stuff we talked about.** Often, it takes the committing of an actual crime before people will take action. If you haven't done the other stuff, such as to set up a profile and get a locked mailbox, do that now!

Identity Theft

Stolen Identity: What Do I Do?

Most identity crimes are committed by someone you know. Typically, people in your circle have easier access to your personal information. In many cases, as with parents, they know *everything* about you. If someone you love has stolen your identity, what should you do?

Identity theft seems to come in three basic forms:

- stolen by someone you don't know at all, a stranger
- stolen by someone you do know, such as a parent, roommate, or friend
- stolen while you were a child, most often by a parent

Strangers can be easily dealt with by following the steps listed on the previous page, but if it is someone you know, most follow through with these:

- **File a police report.** If the dollar amount is small, the police often do not have time to thoroughly investigate it. If, however, they choose to, usually when they feel it may be part of a larger conspiracy, this could lead the police to the person who stole yours.
- **Do not file a police report but report the crime.** Often, people do not file a police report because they fear hurting the feelings of loved ones or ruining relationships. However, those who neglect this can be deemed responsible for whatever the criminal does. Even if the financial company doesn't ask for a police report, they have their own private fraud investigators, and they may do some digging and find the person on their own.
- **Do not file a police report and do not report the crime at all.** Some people simply try to work it out with the person involved. Keep in mind that if you do this, you are legally responsible for the charges until you report them as fraudulent. Also, if you do not report, the person who gets away with it may do it again, to you or someone else.

Identity theft is a serious crime, even if people do not always view it that way. If your best friend stole your car, you would probably call the police, wouldn't you? By letting it slide, you do empower the ID criminal to do it again to someone else and make it easier for all criminals to get away with it. In the end, it's up to you whether to report or not, but not reporting the crime ensures that it will just happen again.

How to Avoid Sleazy Tactics and Sleazy Salespeople

- **Tacking on after-the-fact fees:** Oftentimes, when people buy a cellphone, the plan is \$29.95 a month, but there are fees: activation, account management, and on and on. Car dealers sometimes tack on application fees, credit report fees, rustproofing, clear-coating, and more. Be sure to ask about all fees up front. Get these in writing before you buy.
- **Bait and switch:** This is actually an illegal tactic that occurs when one item is advertised to get you to walk into the store, but then the salespeople inform you that the item just sold out and offer you a different, more expensive item. If they are not willing to listen to your needs, you are likely being scammed.
- **Telling you, “This is the market rate”:** Many salespeople claim they have the best deal, lowest prices, best interest rates, and lowest fees. Be sure to double-check what they say. Often, they supply you with so-called proof, but don’t take their word for it. Don’t let the salesperson do your research for you.
- **Telling you, “This deal expires,” when it really doesn’t:** Infomercials are infamous for this, claiming that deals will end if you don’t call within five minutes. If this happens to you, ask a manager if the deal can be extended while you think about it.
- **Deal with people you know or were referred to you.** Think about it: Whatever career you decide to go into, you should build up a steady stream of clients who are satisfied and want to return to you again and again. You can build relationships with anyone. When I was renovating my house, I got to know a few great salespeople at the local hardware store. They let me know about deals and gave me great advice on what to buy and what to avoid. I have a similar relationship at a men’s clothing store. You can build relationships just like that, everywhere you shop!