# Signs of Telemarketing Fraud -- How to Handle Phone Scams

By Denise Richardson

Every year, thousands of people lose money to telemarketing scams -- from a few dollars to their life savings. Fraudsters and telephone scammers are good at what they do. They say anything to cheat people out of their money. They may call and imply that they work for a company you trust, or they may send mail or place ads to convince you to call them. Some seem very friendly -- calling you by your first name, making small talk, and asking about your family. These are ploys to ease your suspicions.

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If you get a call from someone you don't know who is trying to sell you something you didn't think you need, say "No thanks." And, if they pressure you about giving up personal information -- like your credit card or Social Security number -

- it's likely a scam. Hang up and report it to the Federal Trade Commission.

Signs of a Telemarketing Scam

Often, scammers who operate by phone don't want to give you time to think about their pitch; they just want to get you to say "yes." But some are so cunning that, even if you ask for more information, they seem more than happy to comply. They may readily direct you to a website or otherwise send information featuring "satisfied customers." These customers, known as shills, are likely as fake as their praise for the company.

Here are a few red flags to help you spot telemarketing scams:

- "You've been specially selected." (for this offer)

- "You'll get a free bonus if you buy our product."

- "You've won one of five valuable prizes."

- "You've won big money in a foreign lottery."

- "This investment is low risk and provides a higher return than you can get anywhere else."

- "You have to make up your mind right away."

- "You trust me, right?"

- "You don't need to check our company with anyone."

- "We'll just put the shipping and handling charges on your credit card."

How They Hook You

Scammers use exaggerated -- or even fake -- prizes, products or services as bait. Some may call you, but others will use mail, texts, or ads to get you to call them for more details. Here are a few examples of "offers" you might get:

- Travel Packages. "Free" or "low cost" vacations can end up costÂ-ing a bundle in hidden costs. Some of these vacations never take place, even after you've paid.

- Credit and loans. Advance fee loans, payday loans, and credit card protection are very popular schemes, especially during a down economy.

- Sham or exaggerated business and investment opportunities. Promoters of these have made millions of dollars. Scammers rely on the fact that business and investing can be complicated and that most people don't research the investment.

- Charitable causes. Urgent solicitations for recent disaster relief efforts are especially common on the phone.

- High-stakes foreign lotteries. These solicitations violate U.S. law, which prohibits the cross-border sale or purchase of lottery tickets by phone or mail. What's more, you may never see a ticket.

- Extended car warranties. Scammers find out what kind of car you drive, and when you bought it so they can urge you to buy overpriced -- or worthless -- plans.

Buying into any of these "offers," or ones like them, will likely lead to another call from another salesperson promising to

get your money back for a fee. This is called a refund or recovery scam.

Why They're Calling You

Fraud isn't limited to race, ethnic backÂ-ground, gender, age, education, or income. That said, some scams seem to concentrate in certain groups. For example, a senior citizen may be targeted because the caller assumes they may live alone, have a nest egg, or may be more polite toward strangers --and less aware of today's scams. This year many small business owners learned they were a favorite target or a popular telemarketing scam, proving no one is off limits to well-trained scam artist --everyone's a potential target

How to Handle an Unexpected Sales Call

When you get a call from a telemarketer, ask yourself:

- Who's calling...and why? The law says telemarketers must tell you it's a sales call, the name of the seller and what they're selling before they make their pitch. If you don't hear this information, say "no thanks," and get off the phone.

- What's the hurry? Fast talkers who use high pressure tactics could be hiding something. Take your time. Most legitimate businesses will give you time and written information about an offer before asking you to commit to a purchase.

- If it's free, why are they asking me to pay? Question fees you need to pay to redeem a prize or gift. Free is free. If you have to pay, it's a purchase -- not a prize or a gift.

- Why am I "confirming" my account information -- or giving it out at all? Some callers have your billing information before they call you. They're trying to get you to say "okay" so they can claim you approved a charge.

- What time is it? The law allows telemarketers to call between 8 am and 9 pm. A seller calling earlier or later is flouting the law.

- Do I want more calls like this one? If you don't want a business to call you again, say so and register your phone number on the National Do Not Call Registry. If they call back, they're breaking the law.

Some Additional Guidelines

- Resist pressure to make a decision immediately.

- Keep your credit card, checking account, or Social Security numbers to yourself. Don't tell them to callers you don't know -- even if they ask you to "confirm" this information. That's a trick.

- Don't pay for something just because you'll get a "free gift."

- Get all information in writing before you agree to buy.

- Check out a charity before you give. Ask how much of your donation actually goes to the charity. Ask the caller to send you written informaÂ-tion so you can make an informed decision without being pressured, rushed, or guilted into it.

- If the offer is an investment, check with your state securities regulator to see if the offer -- and the offeror -- are properly registered.

- Don't send cash by messenger, overnight mail, or money transfer. If you use cash or wire money rather than a credit card in the transaction, you may lose your right to dispute fraudulent charges. The money will be gone.

- Don't agree to any offer for which you have to pay a "registration" or "shipping" fee to get a prize or a gift.

- Research unsolicited offers with your consumer protection agency or state Attorney General's office before you agree to send money.

- Beware of offers to "help" you recover money you have already lost. Callers sayÂ-ing they are law enforcement officers who will help you get your money back "for a fee" are scammers.

- Say "no thanks" and hang up the phone. If you don't want a business to call you again, say so. If they call back, they're breaking the law.

- Register your home and mobile phone numbers with the National Do Not Call Registry. This won't stop all unsolicited calls, but it will stop most. If your number is on the registry and you still get calls, they are likely to be from scammers ignoring the law.

- Report any caller who is rude or abusive, even if you already sent them money. They'll want more. Call 1-877-FTC-HELP or visit ftc.gov/complaint.

Pass these tips on and help others learn the warning signs of phone fraud

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