



Consumer & Business Guide To Preventing Mail Fraud

Publication 300-A, July 1999



United States Postal Inspection Service

Consumer & Business Guide to Preventing Mail Fraud

1. **Purpose.** This booklet was prepared by the U.S. Postal Inspection Service to help consumers and businesses identify different types of mail fraud. Every year, thousands of people and businesses are victimized by mail fraud schemes. The booklet is full of tips and ideas on how not to become a victim. The protection of the U.S. Mail and the mail system is the responsibility of the Postal Inspection Service. As a law enforcement arm of the U.S. Postal Service, the Postal Inspection Service is a highly specialized, professional organization performing criminal investigations, security, and crime prevention functions. The U.S. Postal Inspection Service investigates violations of federal mail fraud laws. Consumer complaints are the primary basis for investigation by Postal Inspectors.
2. **Requisition.** To obtain a copy of this booklet, postal employees must submit Form 7380, *MDC Supply Requisition*, to the Topeka Material Distribution Center. Private citizens and businesses also must contact the Topeka Material Distribution Center Customer Service office at 1-800-332-0317 or by facsimile at 785-861-2939.
3. **Questions and Comments.** Check the back of the booklet for Postal Inspection Service locations and contact numbers. If you would like to make suggestions or comments about this booklet, please send them to:

INSPECTOR IN CHARGE
CONGRESSIONAL & PUBLIC AFFAIRS
US POSTAL INSPECTION SERVICE
475 L'ENFANT PLAZA SW RM 3620
WASHINGTON DC 20260-2175
4. **Cancellations.** This booklet replaces Publications 300 and 301.
5. **Effective Date.** This publication is effective upon receipt.



K.J. Hunter
Chief Postal Inspector

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What is Mail Fraud?

It's a scheme to get money or something of value from you by offering a product, service, or investment opportunity that does not live up to its claims. Prosecutors must prove the claims were intentionally misrepresented and that the mail was used to carry out the scheme.

Although most mail-order companies are honest and stand behind their products and services, unfortunately there are a few rotten apples who give direct mail advertisers a bad name. They cheat people by peddling worthless products, medical quackery, and get-rich-quick schemes. Some fly-by-nights take your money and send you nothing.

Unscrupulous businesses don't mind taking advantage of an unwary customer. "Let the buyer beware" is their motto — and you might be the buyer.

Mail fraudsters frequently rely on the same old tricks. You may even be familiar with some of them. The following pages include some of the more common mail fraud schemes and other common consumer problems. Watch out for them!

Sweepstakes and “Free” Prizes

It happens every day.

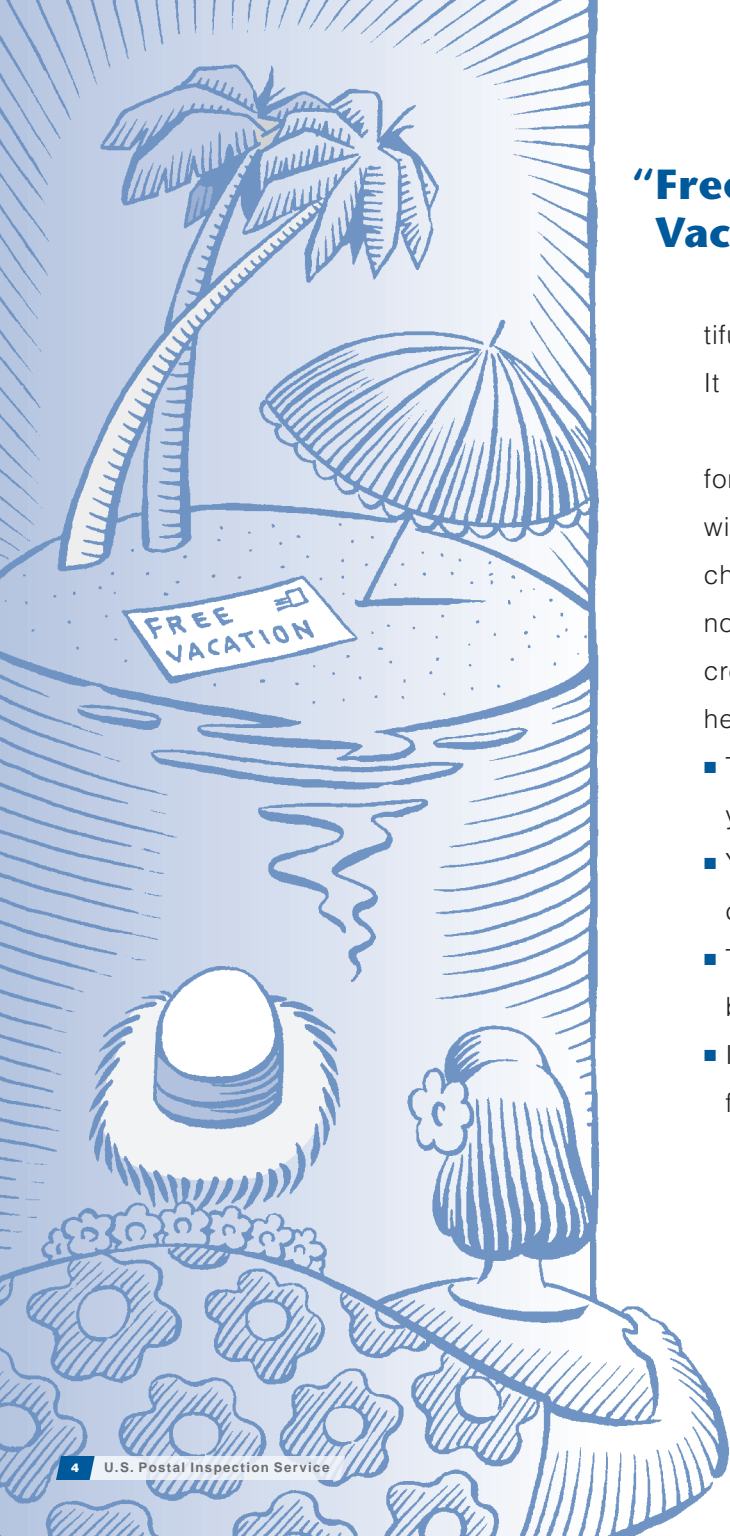
Thousands of people are notified by mail that they have won a free prize. Usually, it's a postcard that says your prize will be one of four or five “valuable” items — like a new car, a color television, or a \$1,000 savings bond.

Typically, con artists whose sole purpose is to rip you off mail these notices. When you contact the company by phone to claim your prize, the scam artist will tell you that you are required to pay a “processing fee” and pressure you to give out your credit card number. Don't do it! The con artist may make thousands of dollars in unauthorized charges to your account. If you refuse to give out your credit card number, beware of the con artist's other scam — convincing you to cover the processing fee by sending a check for hundreds of dollars by overnight courier.

Either way, you can be certain that your prize will cost you more than it's worth, will be worthless junk — or it may never arrive at all.

Business Tip: Advertising specialty products like pens, key tags, baseball caps, and ice scrapers, to name a few, have helped many companies gain recognition. However, illegal “boiler room” operations also use these products to ensnare owners and employees of small companies in a fraud scheme.

The scheme begins with a notification that you've won a big prize in a sweepstakes promotion. But there's a catch — you are told that you must purchase a certain quantity of items with your company name and logo to avoid a “gift tax.” The purchase, which can amount to several thousand dollars, may result in inferior merchandise or nothing at all.

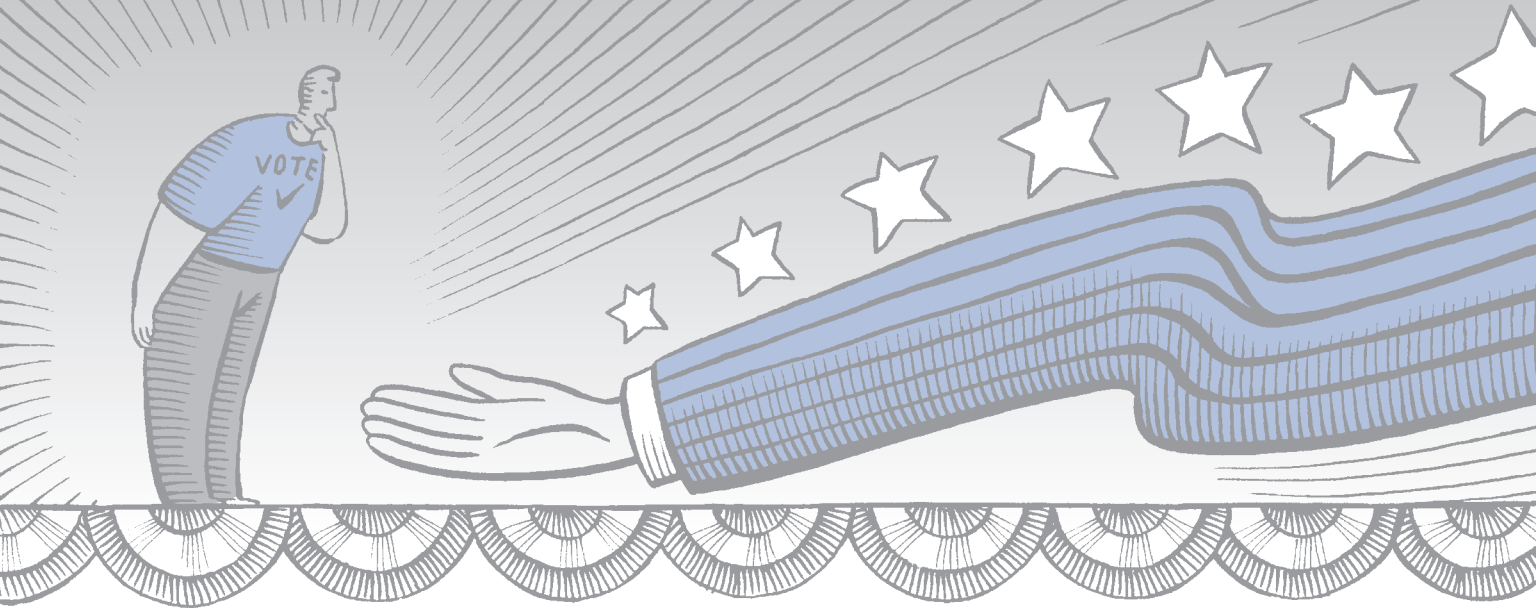


“Free” Vacations

“Congratulations! You have won a free vacation for two in beautiful, sun-drenched Bermuda.” Sound too good to be true? It probably is.

There’s always a catch. In the most common form of this scam, to be eligible for the free vacation you will either be required to pay a service charge or to purchase a membership in a travel club. Don’t pay it. And do not, under any circumstances, give the company your credit card number or even its expiration date. If you do, here’s what you can expect:

- There will be many restrictions on when you can take your trip.
- You may be required to pay an additional handling charge to book your reservation.
- The travel dates you prefer will very likely be unavailable.
- If you complain, you may be offered an upgraded plan for still another additional fee.



Government Look-Alike Mail

That brown envelope in your mailbox looked so official you thought it was from a government agency. Even the name, return address, and seal looked official. Such mailings can be deceptive and confusing, and are sometimes illegal. They typically contain sweepstakes solicitations or requests for donations to political causes. Such mailings are no longer allowed unless:

- The entity actually has a government connection, approval, or endorsement.
- The mail and its envelope bear a notice by the U.S. Postal Service that disclaims such connection, approval, or endorsement.
- The material is contained in a publication purchased or requested by the addressee.

Carefully read the material inside the envelope to determine if it really is from a government agency.

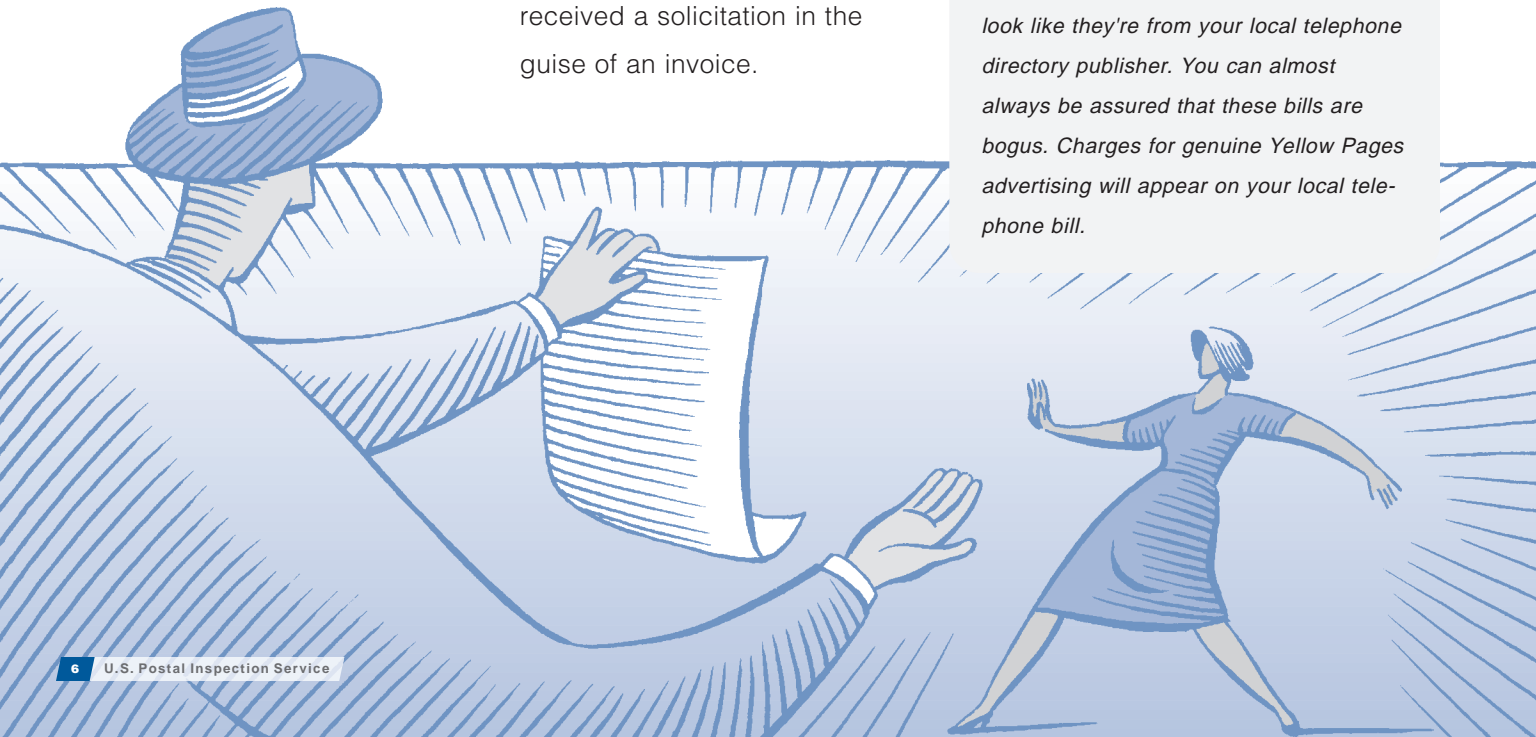
Solicitations Disguised As Invoices

Don't be victimized by con artists who try to get you to order goods or services by mailing solicitations that look like invoices. The

unscrupulous individuals who mail these know that some unsuspecting individuals will be fooled by their appearance and will automatically pay, thinking they may have placed an order but forgot about it.

Some solicitations disguise their true nature. Others identify themselves as solicitations, but only in the fine print. In either case, withhold payment until you have verified whether you actually ordered and received the goods or services reflected on the document. If not, do not pay. You may have received a solicitation in the guise of an invoice.

Business Tip: Watch out for "Yellow Pages" advertising invoices designed to look like they're from your local telephone directory publisher. You can almost always be assured that these bills are bogus. Charges for genuine Yellow Pages advertising will appear on your local telephone bill.

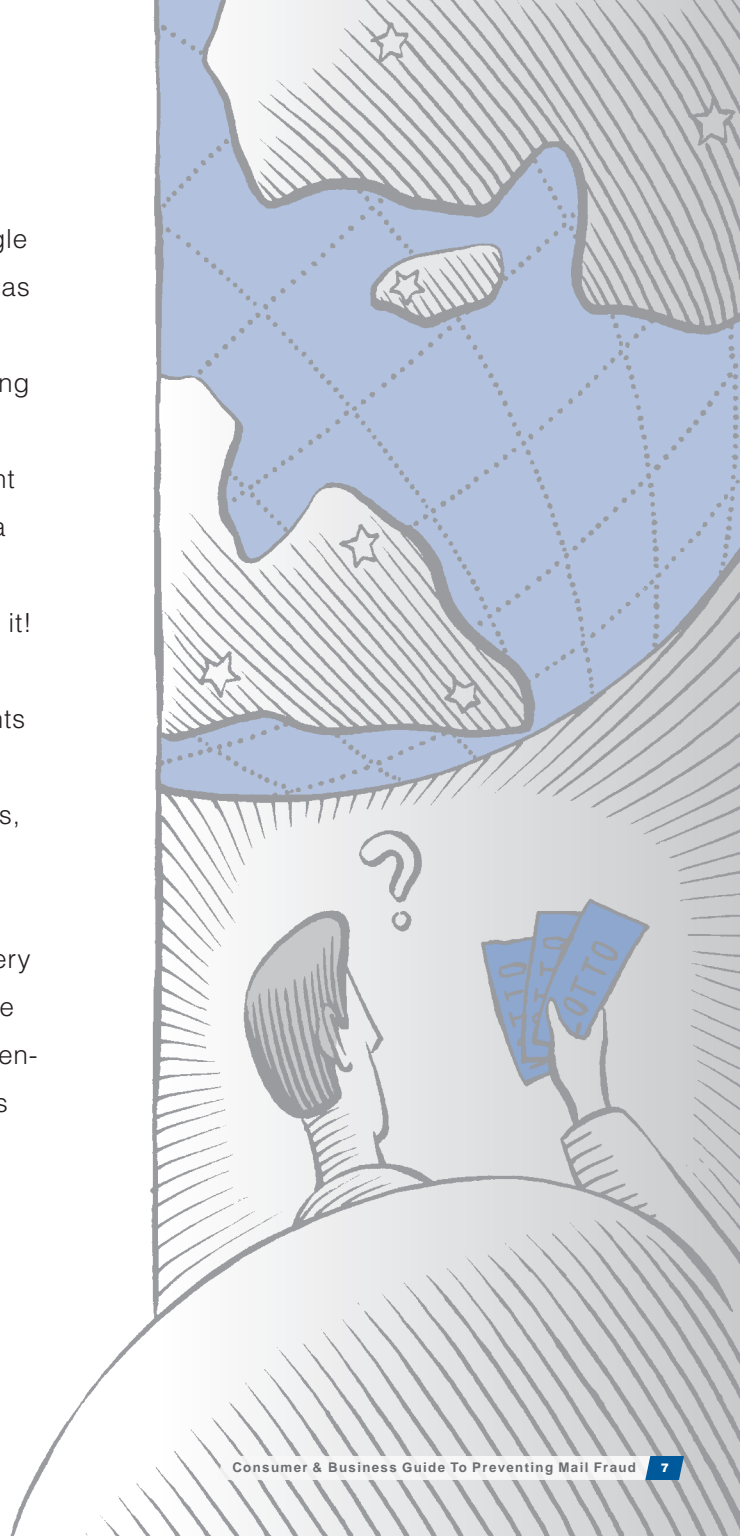


Foreign Lotteries

You hear the state lotto jingle on the radio. The jackpot has been raised to \$10 million. You've got lotto fever! Next thing you know there's a brochure in your mailbox urging you to participate in some foreign country's lottery — maybe one in Australia or Canada — via the convenient mail-order purchase of lottery tickets, or of a share in a pool of lottery tickets.

We've got a hot tip for you: Don't fall for it! Here's why:

- It's illegal. A federal statute prohibits mailing payments to purchase any ticket, share, or chance in a foreign lottery. Except for state-owned and -operated lotteries, federal law prohibits sending lottery material through the mail.
- It's probably a scam. Most — if not all — foreign lottery come-ons sent to U.S. addresses through the mail are bogus. They don't come from foreign government agencies or licensees. Instead, they come from con artists who take your money and give you nothing in return.





Chain Letters

Have you ever received a chain letter or e-mail message guaranteeing you'll "earn big \$\$\$" with one small investment? All you have to do is send \$10 to everyone on the list, place your name at the bottom of the list and mail it to 10 friends. Then just sit back and watch the checks fill your mailbox.

Don't waste your money. Chain letters don't work. What's more, if you mail chain letters, you could be committing a federal crime. The same law that prohibits lotteries covers chain letters as well.

Look at the chart. You can see that more participants are required than there are people in the entire world! The first investor in the chain may receive some money, but later participants rarely get even their original investments back.

No. of Mailings	No. of Participants
1	6
2	36
3	216
4	1,296
5	7,776
6	46,656
7	279,936
8	1,679,616
9	10,077,696
10	60,466,176
11	362,797,056
12	2,176,782,336
13	13,060,694,016

1	6
2	36
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11	362,797,056
12	2,176,782,336
13	13,060,694,016

U.S. Population: Almost 300 Million

World Population: Over 4 Billion

Charity Fraud

Most mail solicitations for charitable contributions are legitimate appeals for a good cause. Some are phony. Charity fraud does a lot of harm. The swindler takes advantage of people's good will and takes their cash — money meant for people in need.

Give to charities you know. Check out the ones you have never heard of, or whose names are similar to well-known charities. Also:

- Be suspicious of charities that accept only cash.
- Always make out your check or money order to the organization to which you want to donate money, not to an individual.





Insurance Fraud

Slick operators who run insurance policy schemes will try to sell you anything in the insurance line, regardless of your existing coverage or need. The premiums far exceed those charged by reputable insurance firms. Watch for these scam-related tricks:

- A request for cash payments.
- A request for lump-sum payments as far as a year in advance.
- An offer of last-chance insurance bargains.
- A request that you sign a blank insurance form.

When purchasing insurance, be sure to read all the fine print on documents and purchase only the insurance coverage you need. Discuss the offer with an attorney or a knowledgeable friend or relative before signing any document.



Medical Fraud

For years



medical quacks have sold powders, pills, lotions, and other gimmicks through the mail to people seeking cures for baldness, obesity, or sexual dysfunction. Recently,

tremendous medical advances have made the successful treatment of such conditions a reality. Despite such legitimate medical breakthroughs in these areas, snake-oil merchants continue to peddle their worthless potions, offering “miracles” like:

- Instant cure for arthritis!
- Lose weight overnight!
- Look years younger!

The gadgets and gimmicks advertised are not tested by competent medical authorities, and some are downright dangerous, so:

- Don't trust your health to a salesperson.
- Don't believe claims of a secret cure or miracle drug. (All such advances make big news worldwide.)
- Be suspicious of claims of excessive weight loss.
- Don't believe exaggerated claims of regained youth or the perfect figure.

Protect your health and your pocketbook. Before purchasing any cure-alls, consult your family physician.

Land Fraud

Whether you're looking for a vacation home, a place to retire, or an investment, you need to exercise caution before buying a piece of land. Attractive real estate brochures in the mail may indicate the land is in a warm and hospitable climate with recreation and conveniences nearby. However, if you don't personally see the land, you may later discover too late that it is in the middle of nowhere, far away from utilities and other amenities, and cannot be resold for even a fraction of the price you paid.

Before buying real estate, a wise and cautious investor should:

- Visit the property before deciding whether to buy.
- Get any verbal promises and guarantees in writing.
- Obtain a property report from the salesperson or developer.
- Contact your local Better Business Bureau to determine if there have been any complaints against the developer.
- Contact a local real estate broker and obtain comparative prices for other lots nearby.

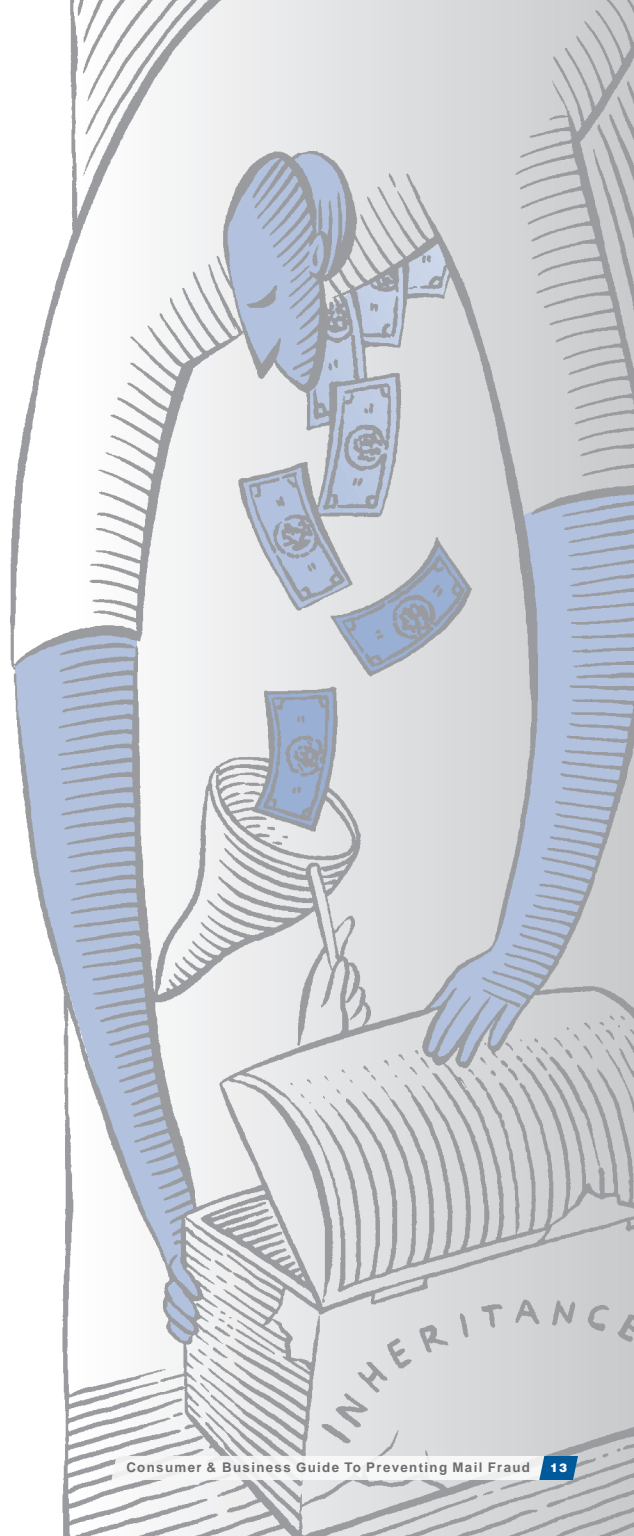


Phony Inheritance Schemes

Wouldn't it be nice if you unexpectedly came into an inheritance from a long-lost relative or friend? It rarely happens. If you receive a notification in the mail from an "estate locator" saying that there is an unclaimed inheritance waiting for you, beware! You could be the target of a slick con artist.

These unscrupulous white-collar criminals also call themselves "research specialists" — but they didn't find you by doing research. You are one of thousands across the nation who are targeted in mass mailings. Many of these recipients are lured into mailing a fee — sometimes \$30 or more — for an "estate report." All the individuals on the mailing list receive the same information, so chances are almost zero that you are the heir.

You can protect yourself by checking other sources before sending funds in response to an estate-locator solicitation. Those who have been named to distribute estate funds to rightful heirs normally do not request you to pay a fee to find out about your share of the estate.





Home Improvement and Home Repair Frauds

Because home repairs and improvements are expensive, con artists and thieves have entered the industry to rip you

off. Be careful if someone mails you a brochure offering to do an expensive job for an unusually low price. Once you sign the contract, you will learn why the price is so low: The firm never delivers the service you paid for in advance.

Free inspections by con artists turn up plenty of expensive repairs you don't need. Some shady operators offer to do the work on the spot. However, when they leave, you may be left with a large bill and a faulty repair job. Here are some precautions you can take to make an informed decision:

- Always get several estimates for every repair job.
- Verify the company's name and address.
- Ask for references and check them out.
- Contact your local Better Business Bureau to check the company's reputation before you authorize work or pay any money.
- Make sure you understand the details of a contract before you sign.
- Inspect the finished product before you pay, and never pay in cash.



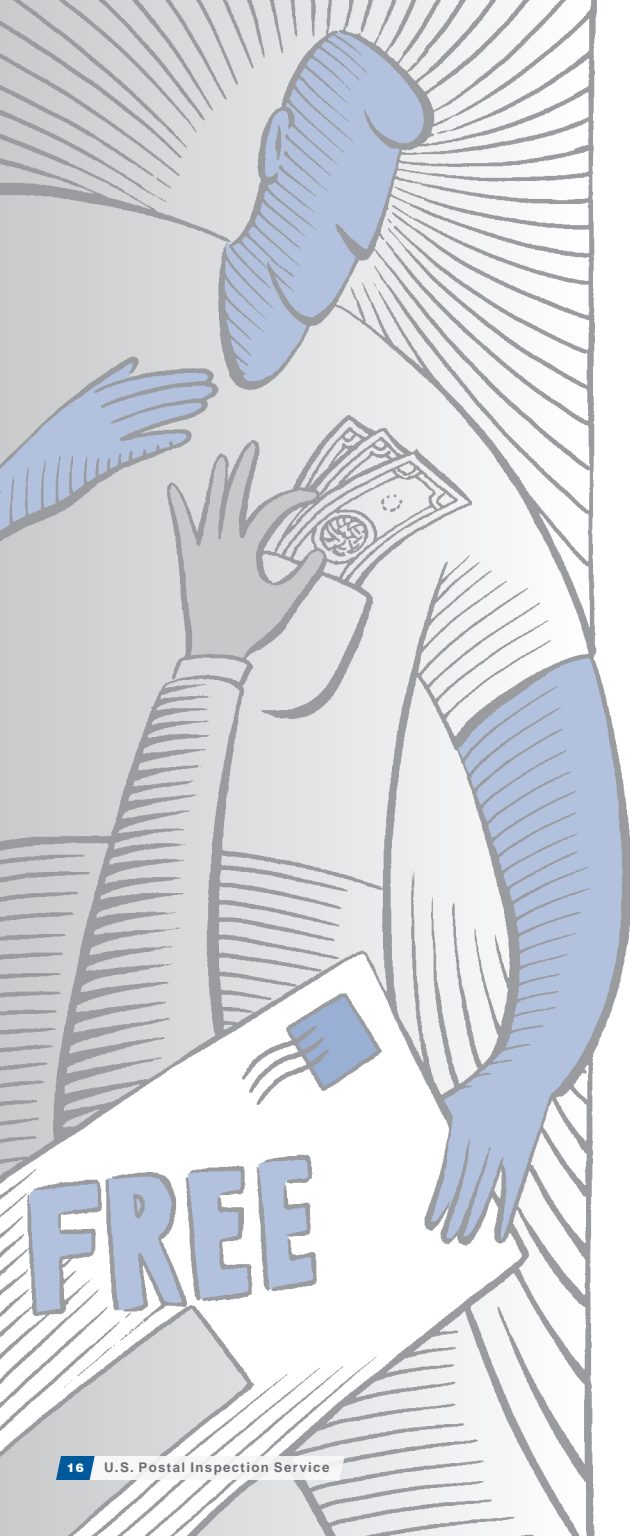
Investment Fraud

Whether they're selling bogus securities, commodities, or oil wells, fraudulent investment promoters try to get you to invest money — lots of it. They will promise you either a large increase in the value of your investment, higher-than-market interest on your capital, or both.

Investment schemers market by mail and by telephone, armed with high-pressure and sophisticated selling techniques. Some swindlers surround themselves with the trappings of legitimacy — rented office space, a receptionist, investment counselors, and professionally designed color brochures describing the investment.

You may be dealing with an investment swindler if you can answer “yes” to the following:

- Does the salesperson make it sound as if you can't lose?
- Are you promised an unusually high rate of return or interest payment on your capital?
- Are you pressured to make a decision because new investment units “are selling fast”?



Fees Charged For Normally Free Services

Many services are available free of charge from the government or other organizations.

A recent come-on involves offering such services for a fee in the hope that you are unaware the services are available at no cost elsewhere. Beware of mail solicitations that try to get you to pay a fee for such services as:

- Child support collection assistance.
- Unclaimed income tax refunds.
- Property tax exemptions.

Contact the federal, state, and local agencies responsible for these services, and chances are you'll get the information and assistance you need free of charge.

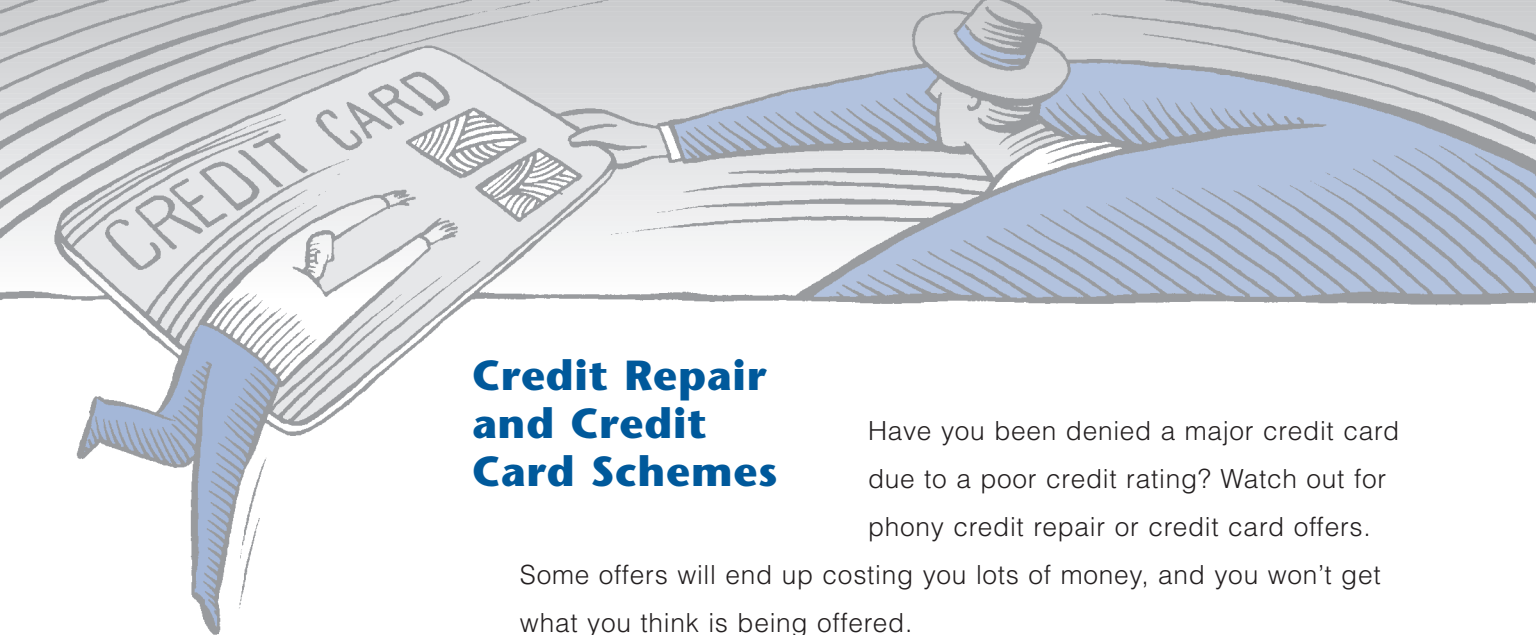
A similar scheme preys on those whose loved ones are missing. If you have missing relatives or friends, be cautious about people who contact you to offer information on the whereabouts of your loved ones for a fee. If you receive such a solicitation, contact law enforcement authorities.

Advance Fee Loans

Have you had difficulty obtaining a personal or business loan through normal sources? If so, you may become the target of an advance fee loan scheme, where a con artist offers you a “guaranteed” loan for a fee paid in advance.

The swindler claims to be able to obtain a loan for you with ease from a legitimate lending institution, such as a savings and loan association. However, the swindler has no ability to secure a loan for you. Instead, the swindler steals your fee and either disappears or remains in the area to bilk other unsuspecting victims while stalling you with excuses as to why your loan has not been funded. Protect yourself! Know you’re with a legitimate lending institution before entering into a negotiation for any loan, and be certain you understand the terms before you sign on the dotted line.

Business Tip: You may get a letter from a mysterious government official who offers your company a percentage for its help in secretly transferring millions of dollars out of a foreign country. To become a participant in the lucrative scheme, all you have to do is provide your company's letterhead, invoices, and bank account number. Executives who have fallen for this pitch — which is a complete fabrication — have told horror stories.



Credit Repair and Credit Card Schemes

Have you been denied a major credit card due to a poor credit rating? Watch out for phony credit repair or credit card offers.

Some offers will end up costing you lots of money, and you won't get what you think is being offered.

Scam artists may offer you credit repair services. After paying a large fee, all you receive is a list of banks that offer a secured Visa or MasterCard. "Secured" cards are issued after you deposit enough money to cover any charges you make and are offered by many banks. Save your money and look up these banks in your local Yellow Pages.

Scam artists may also offer a "major credit card" for a fee. But when your card arrives, it can only be used with a specific store or catalog that also happens to be owned by the company that issued your credit card. "Single-use credit cards" are not a new concept, but scam artists misrepresent them as being all-purpose bank credit cards. It can get worse when the merchandise in the catalog from which you must choose your purchases is either inferior or grossly overpriced.

If you have poor credit, be careful when responding to an offer for credit. If you are not satisfied with the information provided in the offer, do not pay any fees up front. Otherwise, you may become a victim.

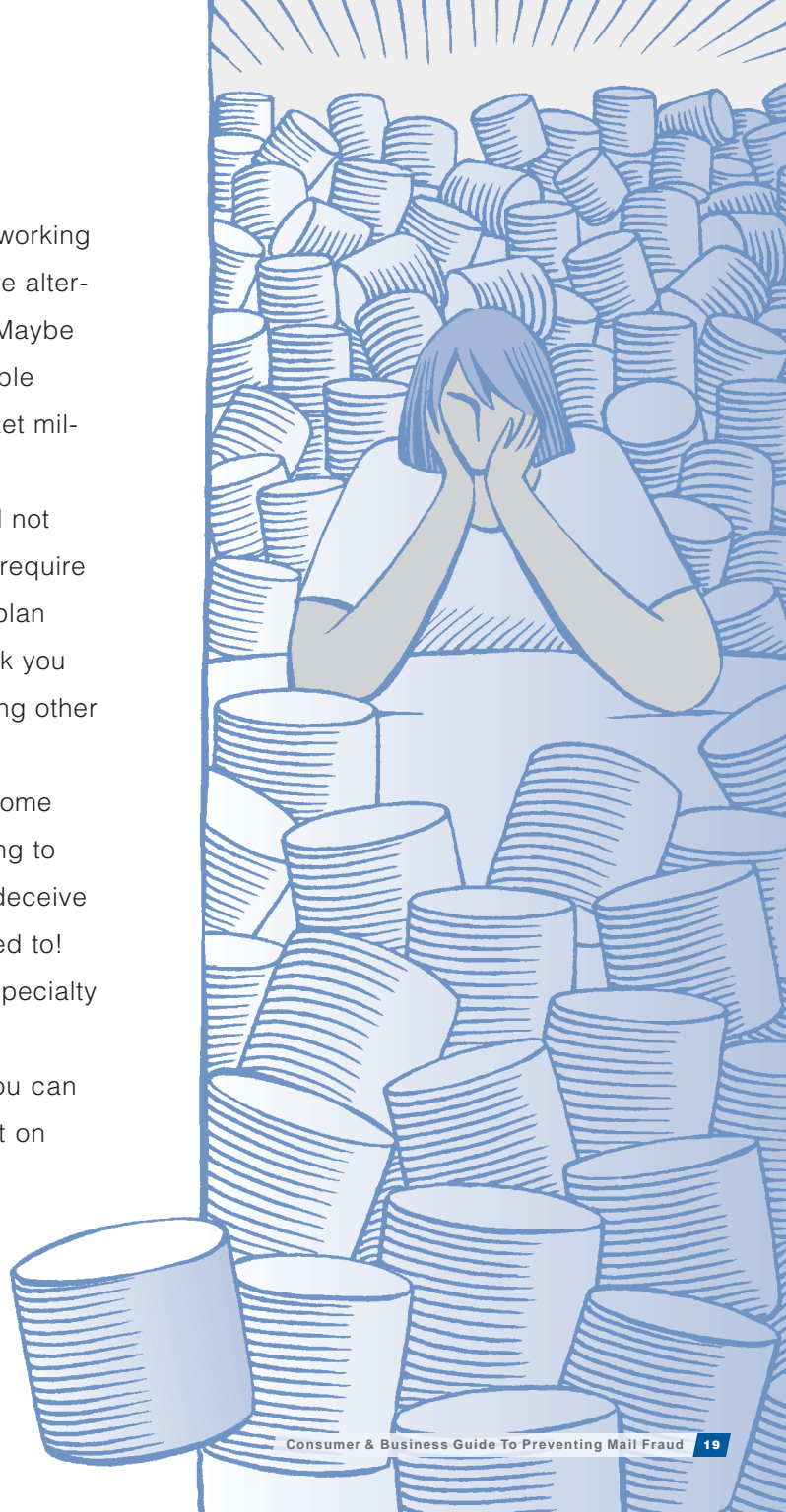
“Work-at-Home” Offers

Con artists know that working at home is an attractive alternative for many. That’s why they place such ads. Maybe you’ve even responded to one. Thousands of people have, helping these unscrupulous promoters pocket millions of victims’ hard-earned dollars.

Beware! Work-at-home schemes will not guarantee regular salaried employment. They will require you to invest your money before you learn how a plan works or before you are sent instructions. The work you are asked to do often continues the fraud by getting other victims involved.

The most common type of work-at-home fraud is envelope stuffing. Typically, there is nothing to stuff. Instead, you receive instructions on how to deceive others by placing an ad like the one you responded to! Other schemes require you to assemble gift and specialty products for which there is little or no market.

Always suspect any ad claiming you can earn unusually high income with little or no effort on your part.





Distributorship and Franchise Fraud

Distributorships and franchises can be legitimate and often profitable forms of business

enterprises. Fast food and quick-printing franchises are examples of opportunities offered by national organizations to individuals willing to invest a substantial amount of money for the right to operate such businesses.

Unfortunately, there are some devious promoters who use the cover of legitimate businesses to advertise fraudulent opportunities. They take their investors' money and quietly go out of business.

Watch for these warning signs:

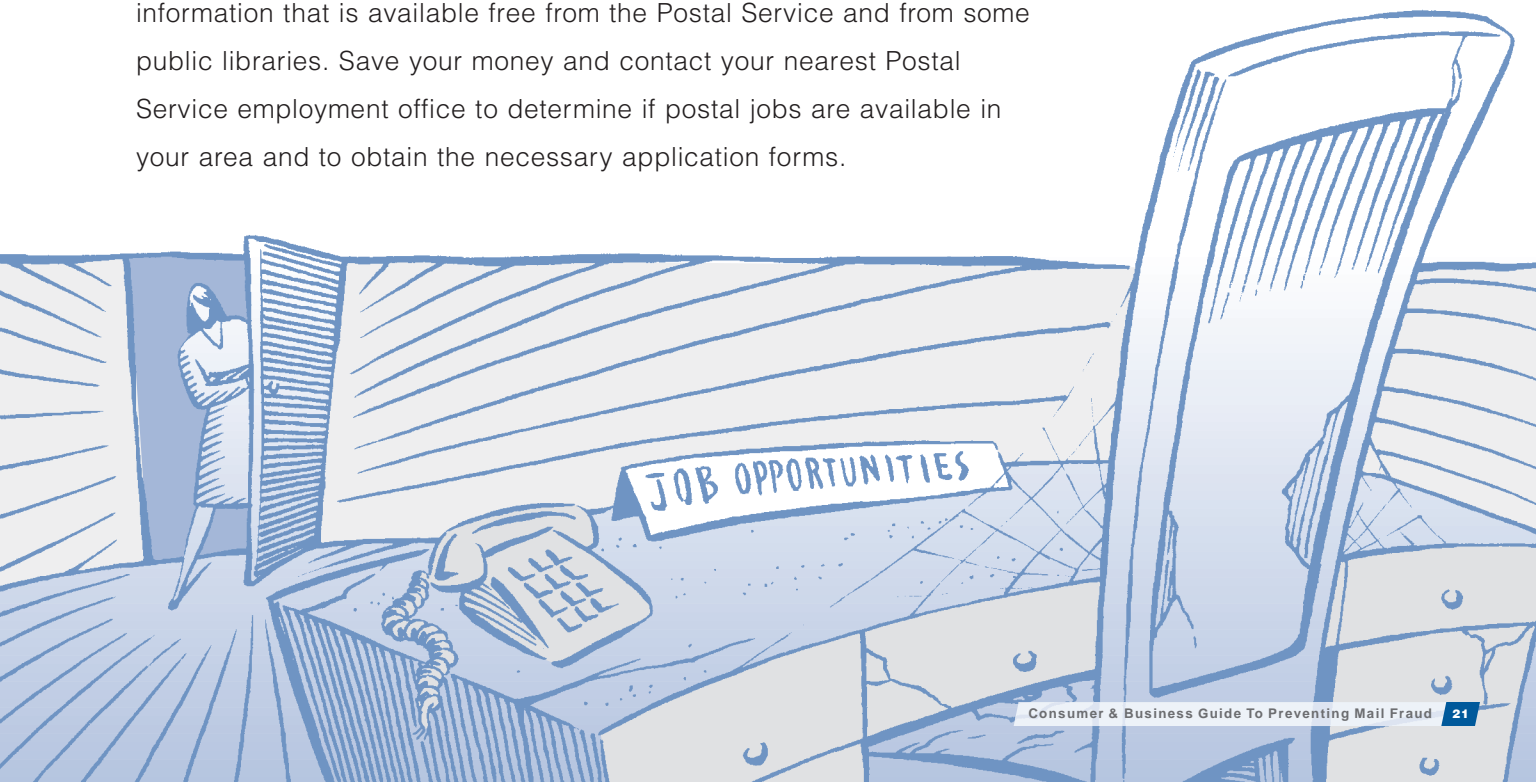
- Promises of unrealistic profits.
- Promoters who seem more interested in selling their distributorship or franchise than they are in the product or service being offered.
- Promoters who are reluctant to let you contact current franchisees.

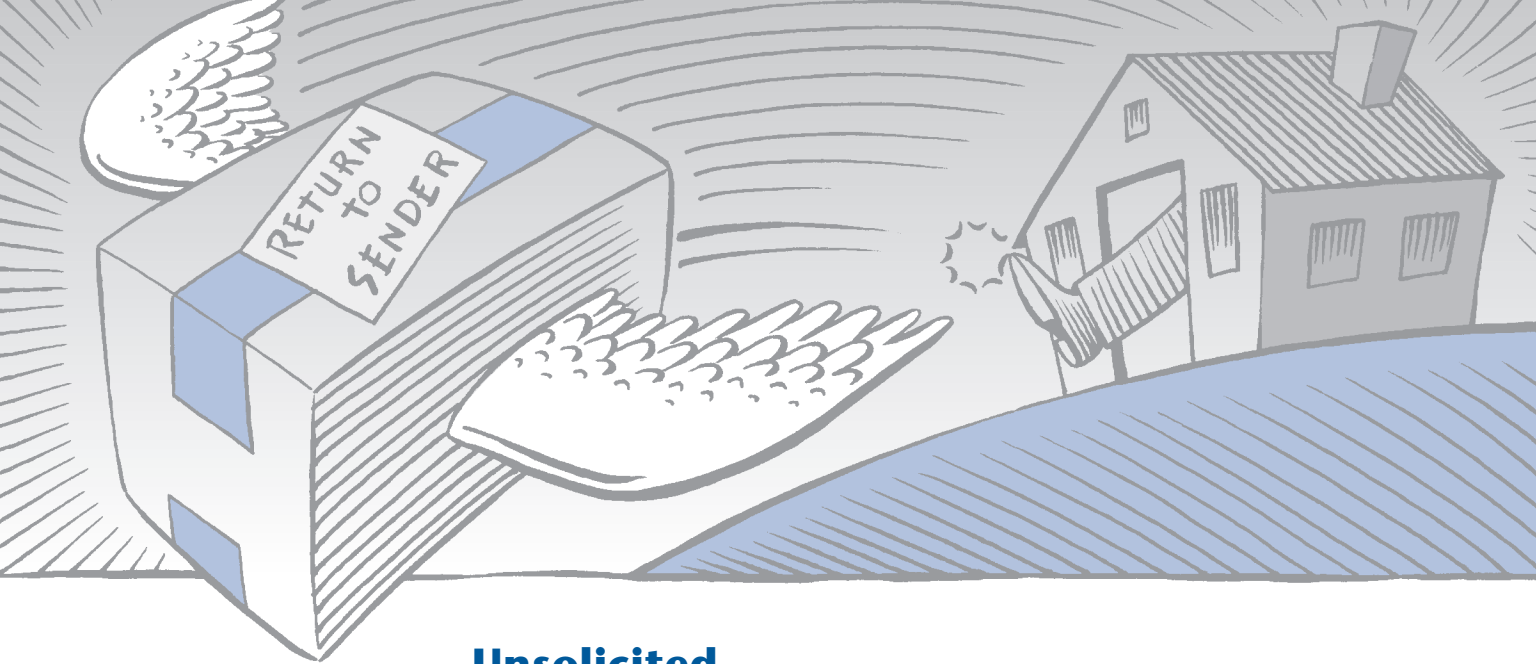
Phony Job Opportunities

Beware of advertisements that make unbelievable claims about job opportunities. The ads misrepresent wages and the number of jobs actually available, and you must always pay a fee to receive more information. You should beware of job opportunity pitches that:

- Guarantee placement in a job.
- Claim no experience or special skills are needed to qualify.
- Offer too-good-to-be-true wages.
- Offer overseas employment.

Especially be wary of ads that promise to get you a job with the U.S. Postal Service. In return for your money, you may only get generic information that is available free from the Postal Service and from some public libraries. Save your money and contact your nearest Postal Service employment office to determine if postal jobs are available in your area and to obtain the necessary application forms.





Unsolicited Merchandise

A company sends you a gift in the mail — a tie, a good luck charm, or a key chain. You didn't order it. What do you do? If you're the kind of person they are looking for, you'll feel guilty and pay for it. But you don't have to. What you do with the merchandise is entirely up to you.

- If you have not opened the package, mark it "Return to Sender." The Postal Service will send it back at no charge to you.
- If you open the package and don't like what you find, throw it away.
- If you open the package and like what you find, keep it — *free*. This is a rare instance where "finders, keepers" applies unconditionally.

Whatever you do, don't pay for it — and don't get conned if the sender follows up with a phone call or visit. By law, unsolicited merchandise is yours to keep.

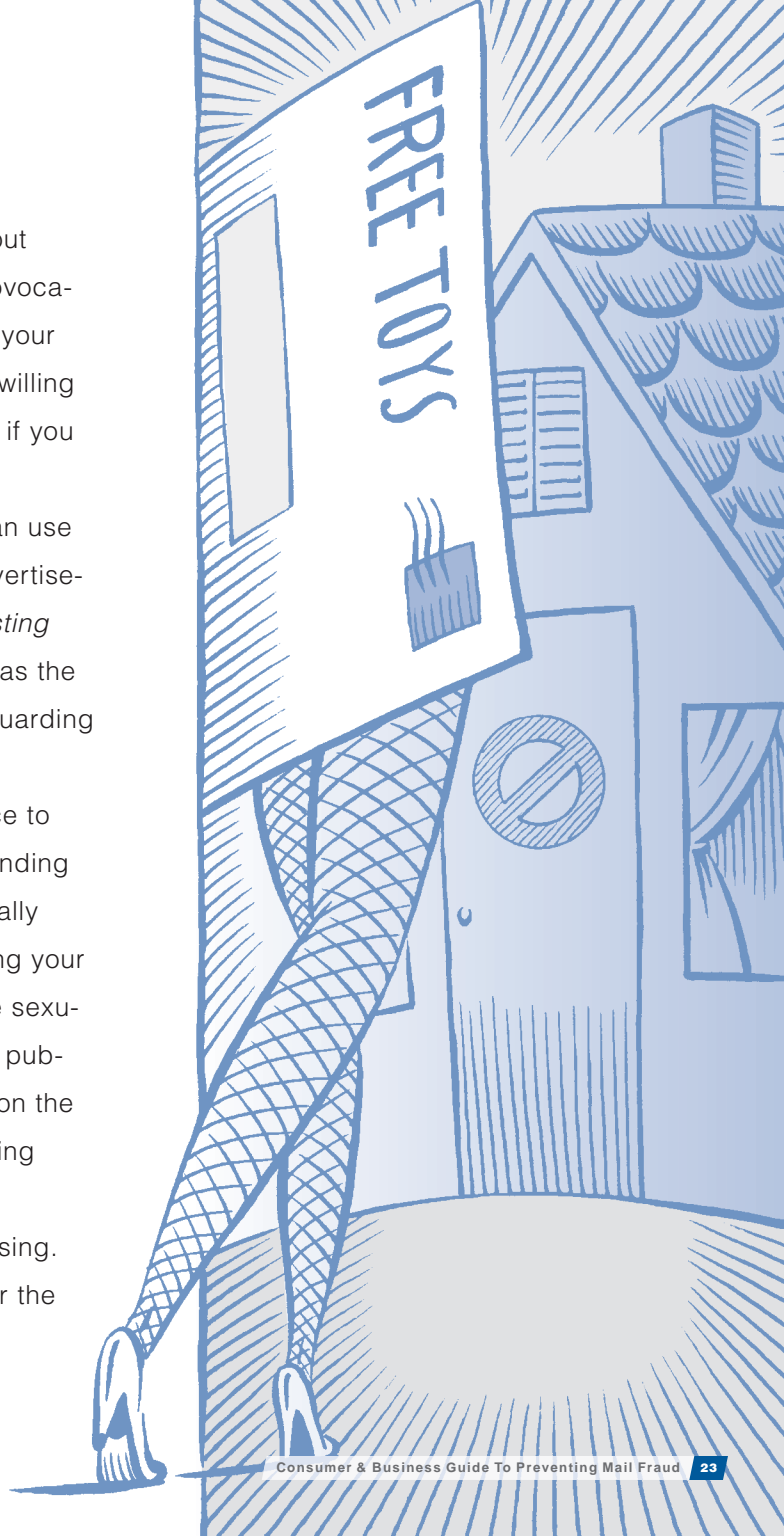
Sexually Oriented Advertisements

Are you concerned about unsolicited sexually provocative material coming to your home? It happens. You shouldn't have to be the unwilling recipient of such explicit publications — especially if you have children.

There is a Postal Service form you can use to stop delivery of unsolicited sexually oriented advertisements to your home, Form 1500, *Application for Listing and/or Prohibitory Order*. The form was developed as the result of a law passed by Congress aimed at safeguarding you and your family from undesirable mail.

The form authorizes the Postal Service to issue an order prohibiting a specific mailer from sending you ads that you think are erotic, arousing, or sexually provocative. It will also give you the option of adding your name to a list of people who do not want to receive sexually explicit ads from any mailer. By law, those who publish explicit material must exclude people who are on the list. Failure to do so could be a federal crime carrying stiff penalties.

Take action to stop unwanted advertising. To get Form 1500, ask a clerk at your post office for the Sexually Oriented Advertising (SOA) Consumer Protection Packet.



How to Contact the Postal Inspection Service

For assistance with postal-related problems of a law enforcement nature, please contact the nearest Inspection Service Division.

Florida Division
3400 Lakeside Dr 6th Fl
Miramar FL 33027-3242
954-436-7200
Fax: 954-436-7282

Gulf Coast Division
PO Box 1276
Houston TX 77251-1276
713-238-4400
Fax: 713-238-4460

Michiana Division
PO Box 330119
Detroit MI 48232-6119
313-226-8184
Fax: 313-226-8220

Mid-Atlantic Division
PO Box 3000
Charlotte NC 28228-3000
704-329-9120
Fax: 704-357-0039

Midwest Division
1106 Walnut St
St. Louis MO 63199-2201
314-539-9300
Fax: 314-539-9306

New York Metro Division
PO Box 555
New York NY 10116-0555
212-330-3844
Fax: 212-330-2720

Newark Division
PO Box 509
Newark NJ 07101-0509
973-693-5400
Fax: 973-645-0600

Northeast Division
425 Summer St 7th Fl
Boston MA 02210-1736
617-464-8000
Fax: 617-464-8123

Northern California Division
PO Box 882528
San Francisco CA 94188-2528
415-778-5800
Fax: 415-778-5822

Northern Illinois Division
433 W Harrison St Rm 50190
Chicago IL 60669-2201
312-983-7900
Fax: 312-983-6300

Northwest Division
PO Box 400
Seattle WA 98111-4000
206-442-6300
Fax: 206-442-6304

Philadelphia Metro Division
PO Box 7500
Philadelphia PA 19101-9000
215-895-8450
Fax: 215-895-8470

Rocky Mountain Division
1745 Stout St Ste 900
Denver CO 80202-3034
303-313-5320
Fax: 303-313-5351

Southeast Division
PO Box 16489
Atlanta GA 30321-0489
404-608-4500
Fax: 404-608-4505

Southern California Division
PO Box 2000
Pasadena CA 91102-2000
626-405-1200
Fax: 626-405-1207

Southwest Division
PO Box 162929
Ft. Worth TX 76161-2929
817-317-3400
Fax: 817-317-3430

Washington Metro Division
PO Box 96096
Washington DC 20066-6096
202-636-2300
Fax: 202-636-2287

Western Allegheny Division
1001 California Ave Rm 2101
Pittsburgh PA 15290-9000
412-359-7900
Fax: 412-359-7682

Postal Inspection Service Assistance for Businesses

The U.S. Postal Inspection Service can provide more information about establishing a secure mail center, detecting mail bombs, and protecting your business against mail fraud schemes or any other postal crimes. Contact your nearest Postal Inspection Service location for details.

Inspectors can perform on-site security surveys for larger firms and assist your firm in giving security training presentations. Inspectors can also provide guidance or assistance in the investigation and prosecution of dishonest mail-center employees who may be stealing company mail or funds intended for mailing.