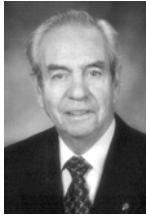


### Advertisement for loans proves to be a scam



By Bud McGinnis

As I was thinking of the New Year and possible resolutions relative to scams and frauds I received a phone call from a staff member at Forever Young. He passed on two bits of important information. First, the paper had accepted and published an ad but Visa would not honour the credit card used to pay for it. Second, one of their readers had called to say that this particular ad was promoting a fraudulent enterprise. Of course, Forever Young was concerned with this turn of events and wondered whether I would tell the story. My concern for New Years resolutions vanished immediately and the story follows.

The advertisement is aimed at credit, good or bad, with loans available from ten thousand to one million dollars. There are no application fees or processing fees, and consultations are free. The money is available irrespective of the intended purpose; mortgages, debt consolidation, or home renovations, are all considered worthy of a loan. It should be noted that there is no name or address for this enterprise, just a 1-800 number. All of the foregoing should raise several large red flags.

The reader who alerted personnel at Forever Young to the problem recognized the red flags and called that number. He requested a loan of \$150,000. The agency first inquired as to his credit rating, was it good or bad? It took only three minutes after the caller stated that he had a good credit rating for the loan to be approved at an interest rate of three percent. At that time going rates from reputable companies were in the five to six percent range. There was, however, a requirement for insurance to be taken out to cover the loan; the premium, \$1,422.64, would be refunded if the borrower didn't default within the first year. Before the loan could be finalized, however, the agency needed personal information – name, address, birth-date, name of bank, account number, and probably Social Insurance Number as well.

The foregoing conversation raised many Red Flags in the mind of the caller who then asked: Who is providing the capital for these loans? The response was that the lender was a rich individual who wished to remain anonymous. Next, how could a company approve an unsecured loan of that size within three minutes? After all, the only information they had about the potential borrower, was his personal statement that his credit was good? (Would anyone wanting to borrow money say otherwise?) It appears that the requirement for insurance to cover the loan meant that the agency would be protected should the borrower default. As a result of this telephone conversation the potential borrower contacted Forever Young and identified the ad promoting this fraudulent credit service.

Naturally, Forever Young was much concerned. First, as a reputable newspaper it doesn't promote fraudulent activity, yet the paid ad, for which it had accepted payment, was clearly doing just that. Second, the payment received was also fraudulent because the credit card used to make payment was not honoured. Forever Young was "on the hook" for the cost of the ad too.

Unfortunately, this type of fraudulent activity is relatively common. Fraudsters and scam artists continue to advertise and prey upon whoever responds to such ads. Of course, those who have a poor credit record are frequently victimized because they can't get credit from recognized sources. Ads assuring credit irrespective of the client's record have appeal when financial help is badly needed. These ads usually have an up-front payment requirement before the request for credit will be approved. It was called an insurance premium in the present case. On other occasions it can be required as a processing fee, or perhaps it's the first month's payment on the loan. Irrespective of what it is called the same purpose is served, the fraudster has obtained your money.

There is a further consequence of becoming involved beyond the loss of the up-front funds. The personal information demanded by the loan officer is sufficient to steal one's identity. Identity theft is an ever increasing problem and we must do all we can to protect our identities. Suffice it to say that with the information provided the fraudster can redirect your mail, access your bank account, or take over credit card accounts. Accordingly, we must be very cautious and never provide personal or financial information to anyone we don't know, or to whom we did not initiate the call.

In the present case the would-be victim was well aware of how this loan request would play out and stayed clear of any involvement. Indeed, he reported it to Forever Young. Others, less aware and more vulnerable, perhaps feeling the need for credit with no other way to get it, fall victim. The crook has no conscience and will take money from anyone, wherever and however it becomes available. Often false documents bearing the logos of reputable organizations are used to convince the borrower of the reliability of the loan company. It's all a sham, and once the

up-front funds have been received by the fraudster, further contact is impossible. The loan agency merely closes shop and moves on. There have been many reports where individuals have signed contracts based on the money being available and were then left with major commitments and no way of honouring them.

And now back to New Year's Resolutions. Based on what has gone before it seems that at least two resolutions should be made and kept. First, resolve to avoid any deal that sounds just too good to be true! In modern society no one gives you something for nothing. Second, in the event you become a victim, resolve to report the whole episode to the police at the earliest possible time.

*As usual we conclude with the following offer. To learn more about frauds and scams call 613-564-5555 (in Kingston call 613-374-2075) and leave a message. A Rotarian representative from the ABCs of Fraud program will call back to make arrangements for a presentation. There's no cost to the hosting organization and a police officer participates whenever possible.*

*Editor's Note: While Forever Young takes pride in providing our readers with accurate and up-to-date information, we cannot possibly research the credibility of every advertiser. As soon as we were alerted to the fact that this was probably a scam, we ran a notice in our next issue to alert readers not to contact this company.*

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