



# LifeSmarts

*Learn it. Live it.*

## Fact or Fake Out: PowerPoint Discussion Notes

### **Slide 1**

Slide Text: Fact or Fake Out: Education is the best defense against fraud.

Discussion Notes: None

### **Slide 2**

Slide Text: 1-Check 21

Banks have 21 days by law to clear personal checks, cashier's checks, and money orders.

Discussion Notes: None

### **Slide 3**

Slide Text: 1-Fake Out

Check 21 eliminated the physical movement of many checks. Today they move through the banking system by transferring electronic images.

Discussion Notes: The number of days it takes for a check to travel through the banking system varies. It depends on when and where the check is cashed.

### **Slide 4**

Slide Text: 2-ACH

When you see "ACH" on your bank statement the check was processed by an electronic fund transfer (EFT).

Discussion Notes: None

## **Slide 5**

Slide Text: 2-Fact

ACH or Automatic Clearing House is a type of electronic processing that allows checks to clear more quickly because the paper does not travel through the system.

Discussion Notes: Caution: not all checks clear more quickly and “cleared” may only mean that the funds are available for you to use. It is better to ask the bank “Are the funds collected?” which means that the check has been paid by the issuing bank.

## **Slide 6**

Slide Text: 3-Stop the Wire

The process to stop-payment on a money wire transfer is similar to the stop-payment process for a check.

Discussion Notes: None

## **Slide 7**

Slide Text: 3-Fake Out

There is no stop-payment on a wire transfer. When you use these services the money is gone.

Discussion Notes: Actually, there is a process called a reverse wire, but in cases of fraud the scammer is probably not going to send the money back to you because you changed your mind.

## **Slide 8**

Slide Text: 4-Safe Pay

Cashier’s checks and money orders are safe forms of payment because they are paid for in advance by the person sending them.

Discussion Notes: None

## **Slide 9**

Slide Text: 4-Fake Out

Counterfeit checks and money orders look authentic. Unless you are very familiar with the security features on money orders and bank checks you can be scammed.

Discussion Notes: This should be true, but some con-artists are skilled at creating counterfeit cashier's checks and money orders. Because they look so real consumers who would never take a personal check accept them.

## **Slide 10**

Slide Text: 5-National Safety Fund

NSF or the National Safety Fund is a federally-funded program that provides compensation to consumers who have lost money in fraudulent Internet scams or transactions.

Discussion Notes: None

## **Slide 11**

Slide Text: 5-Fake Out

Don't you wish. NSF or non-sufficient funds means a bounced check, rubber check, fake check, or bogus check. The account the check was written on cannot pay.

Discussion Notes: None

## **Slide 12**

Slide Text: 6-Who loses?

When a forged or fake check is cashed, banks lose money.

Discussion Notes: None

## **Slide 13**

Slide Text: 6- Fake Out

A bank is a building. The money belongs to the depositors. The most likely scenario is that when a fake check is deposited or cashed the person who presented it to the bank will lose money.

Discussion Notes: None

### **Slide 14**

Slide Text: 7-In the Clear

“The check has cleared” does not mean that the money placed in your account belongs to you.

Discussion Notes: None

### **Slide 15**

Slide Text: 7-Fact

It only means, at this time, the check has not been returned because of lack of funds, a closed account, or because the check is a fake.

Discussion Notes: It may take days or weeks for the check to “clear” and the money in your account is a “provisional loan” until the money has been moved through the banking system from one account to another.

### **Slide 16**

Slide Text: 8-The Fed's Rule

Federal Reserve rules require banks to credit deposits to your account within a specified time.

Discussion Notes: None

### **Slide 17**

Slide Text: 8-Fact

The rules state the maximum amount of time your bank can wait before the deposit is available to you. There is no requirement that the check is determined to be “good.”

Discussion Notes: “Collected funds” is the term used to indicate that your bank has actually received the money that is behind the check you deposited or cashed.

### **Slide 18**

Slide Text: 9-Where is 419 anyway?

Most counterfeit check frauds and 419 scams originate in Nigeria.

Discussion Notes: None

### **Slide 19**

Slide Text: 9-Fake Out

According to a 2012 study this type of fraud originates in countries all across the globe.

In fact, 29% of the cases reported in 2011 originated in the U.S., 23% in Europe, and 20% in Africa.

Discussion Notes: Why 419? Because it is named after the article of the Nigerian criminal code: “Chapter 38, Section 419 - Obtaining Property by false pretences—Cheating”.

### **Slide 20**

Slide Text: 10-Facebook Fans

Scammers sometimes hack Facebook accounts to gather email addresses for fraud. They can check your profile and tailor the scam to your interests.

Discussion Notes: None

### **Slide 21**

Slide Text: 10-Fact

And it works! Remember to be cautious about those who want to establish a relationship online. When your new friend asks for money it's probably a scam.

Discussion Notes: You have heard it before and you will hear it again. Anything you put out on the web is accessible to a hacker or a con artist.

## **Slide 22**

Slide Text: 11-Face of Fraud

Victims of fraud are most often young and inexperienced consumers.

Discussion Notes: None

## **Slide 23**

Slide Text: 11-Fake Out

According to the Federal Trade Commission (FTC), there is no typical fraud victim, but research finds that fraud victims are likely to be educated, informed, relatively affluent, and involved in their communities.

Discussion Notes: Scammers don't care about your age, race, income, or geographic location. They just want your money.

## **Slide 24**

Slide Text: 12-How much?

The typical Internet or fake check victim loses between over \$4000 to the scammer.

Discussion Notes: None

## **Slide 25**

Slide Text: 12-Fact

A 2012 survey by the Internet Crime Complaint Center (IC3) revealed that \$4500 was the average loss of the people who admitted they sent money to scammers.

Discussion Notes: Many people who lose money to scammers are embarrassed and ashamed to admit that they were conned.

### **Slide 26**

Slide Text: 13-Fake Checks are Everywhere

Fake check scams are one of the fastest growing frauds in the United States and the number one fraud reported to the National Consumers League's Fraud Center.

Discussion Notes: None

### **Slide 27**

Slide Text: 13-Fact

Fake Check Scams remain in the top five frauds reported to the Federal Trade Commission, while Identity Theft holds their number one spot.

Discussion Notes: None

### **Slide 28**

Slide Text: 14-Mugu?

You are a "mugu" if you are naive and believe that you might just be lucky enough to receive thousands, even millions of dollars from a stranger who contacts you through the mail or the Internet.

Discussion Notes: None

### **Slide 29**

Slide Text: 14-Fact

"Mugu" is the Nigerian word for "big fool." Outside of Nigeria, this term is associated with the victims of the advance fee and 419 scams.

Discussion Notes: None

**Slide 30**

Slide Text: 15-Foreign Lotto

Playing a foreign lottery is against the law.

Discussion Notes: None

**Slide 31**

Slide Text: 15-Fact

“Cross-border” scams are growing. Thousands of Americans are losing money every day to scam artists operating across our borders.

Discussion Notes: A federal statute prohibits mailing lottery tickets, advertisements or payments to purchase tickets in a foreign lottery. These international crooks are just far enough away from U.S. laws and jurisdiction to reduce their chances of being caught.

**Slide 32**

Slide Text: 16-Return to Sender

Spammers often make up the return address on their email. The “from” addresses are fake.

Discussion Notes: None

**Slide 33**

Slide Text: 16-Fact

Spammers and scammers do not want you, or any law enforcement agency, to be able to track them. The World Wide Web is a great place to hide.

Discussion Notes: Because they use false addresses, names and operate from the shadows they are very difficult to apprehend.

**Slide 34**

Slide Text: 17-Spoofing and Phishing



The term “spoofing” and the term “phishing” both refer to forged or fraudulent electronic documents.

Discussion Notes: None

### **Slide 35**

Slide Text: 17-Fact #1

A scammer goes on a “phishing” expedition, sending email to “catch” an uninformed victim. The email is intended to lure the receiver into a fraud. In order for phishing to work the recipient must respond.

Discussion Notes: Remember you have a delete button on your computer. If you are not familiar with the sender of an email, do not open— delete.

### **Slide 36**

Slide Text: 17-Fact #2

“Spoofing” often begins with a phishing email. That email contains a link that takes the victim to a Web site that looks legitimate, but is not. The victim is asked to provide personal information, credit card numbers, etc., which the scammer will use.

Discussion Notes: None

### **Slide 37**

Slide Text: 18-It’s all in the “S”

The presence of “https” in a Web address indicates the site is secure, safe, and authentic.

Discussion Notes: None

### **Slide 38**

Slide Text: 18-Fake Out

Maybe, but cyber crooks are getting so smart that they too can create secure Web sites. Double check that you are actually connecting to the Web site you want instead of a “spoof.”

Discussion Notes: It is always a good idea to connect to a site through a search engine and not a link in an email.

### **Slide 39**

Slide Text: 19-The “Sucker” list

Once you have become a victim of fraud the chances are good you will be called again. Consumers who have lost money to scams are often placed on a “sucker” list.

Discussion Notes: None

### **Slide 40**

Slide Text: 19-Fact

According to the Federal Trade Commission you may even get a call from someone who claims to work for a government agency or consumer organization that will help you recover your lost money for a fee. If you pay the recovery fee, you’ve been double scammed.

Discussion Notes: There is one way to tell if the caller offering help is legitimate—if they ask you to pay a fee to get your money back, it is a fraud.

### **Slide 41**

Slide Text: 20-The 1/10<sup>th</sup> of 1% Solution

Spammers and scammers hope that .01% of the mugus they contact become their “friends.”

Discussion Notes: None

### **Slide 42**

Slide Text: 20-Fact

Scammers and spammers send out so many email messages that it is estimated that if only 1/10<sup>th</sup> of 1% of the recipients fall for their scheme it is profitable.

Discussion Notes: None

### **Slide 43**

Slide Text: 21-Advance Credit Fee

Credit card and loan offers often are sent to consumers via email. For individuals with poor credit scores companies require an advance fee.

Discussion Notes: None

#### **Slide 44**

Slide Text: 21-Fake Out

If you are asked in an email to wire money or make an advance payment for a credit card it is probably a scam. Legitimate offers will not require payment in advance.

Discussion Notes: The same is true for loans. When you go to your bank they may charge a loan fee, but that will be *after* you have been approved and received the loan.

#### **Slide 45**

Slide Text: 22-Online Auction Payment

Online auction sites advise buyers to use money wire transfer services to send money to sellers.

Discussion Notes: None

#### **Slide 46**

Slide Text: 22-Fake Out

The same is true for loans. When you go to your bank they may charge a loan fee, but that will be *after* you have been approved and received the loan.

Discussion Notes: Yes, it is quick and it is secure, but it is a fast growing scam. Stick with an escrow service or a credit card. Both methods of payment will try and help you recover your money if the transaction is a scam.

#### **Slide 47**

Slide Text: 23-It's Your Lucky Day

The postcard in your mailbox asks you to call a toll-free number to claim your "fabulous" prize.

Discussion Notes: Cash Advance

**Slide 48**

Slide Text: 23-Fake Out

You phone the toll-free number and are asked to pay “taxes” or “shipping and handling charges” to claim your prize. If you have to pay to receive your “prize,” it’s not a prize at all.

Discussion Notes: Legitimate sweepstakes don’t require you to pay or buy something . “Fake Out” sponsors sell your information which to other spammers, telemarketers, and those who would “hook” you into more scams.

**Slide 49**

Slide Text: 24-Cyber Crime

Sending an email to ask for help with a fraudulent scheme is a crime.

Discussion Notes: None

**Slide 50**

Slide Text: 24-Fake Out

According to the United States Secret Service the act of sending an email soliciting strangers’ assistance in a financial transaction is not, in itself, a crime.

“Due to a number of aggravating circumstances, such as the use of false names, addresses, stolen/cloned/prepaid cell phones and remote email addresses, verifying the location of and subsequent prosecution of these persons or groups is difficult.”

Discussion Notes: The installation of a spam filter may help deter unsolicited emails. However, there is currently no available program to completely block spam.