

NEBRASKA ATTORNEY GENERAL'S

GUIDE TO CONSUMER PROTECTION



ATTORNEY GENERAL JON BRUNING
STATE OF NEBRASKA



JON BRUNING, ATTORNEY GENERAL
STATE OF NEBRASKA

Dear Fellow Nebraskans,

As Nebraskans, we are stewards of a good work ethic, low crime rate, and a good education system. Unfortunately, the lifestyle we have created makes us an attractive target to scam artists, criminals, and others who aim to defraud us.

As your Attorney General, my priority is to fully prosecute those who violate our local, state, and federal laws that govern fair trade. Every day our office fights for your rights as consumers to ensure that you enjoy all the protections you deserve.

The best way to fight consumer fraud is to prevent it before it happens. This guide contains the best tool to protect yourself against those who intend to defraud you—information. If you can recognize a scam, know when a deal is “too good to be true,” and know when to say “no,” scam artists won’t stand a chance.

Please take a few minutes to read the guide and learn how to protect yourself against the various forms of fraud. It has been said that, “a little education can go a long way.” Nowhere is this more true than in the fight against consumer fraud.

Sincerely,

A handwritten signature in cursive script that reads "Jon Bruning". The signature is written in black ink and has a fluid, connected style.

Jon Bruning
Nebraska Attorney General

P.S. If you think you are a victim of fraud, don't hesitate to call our Consumer Protection Hotline at (800) 727-6432 or visit our Web site www.ago.ne.gov.

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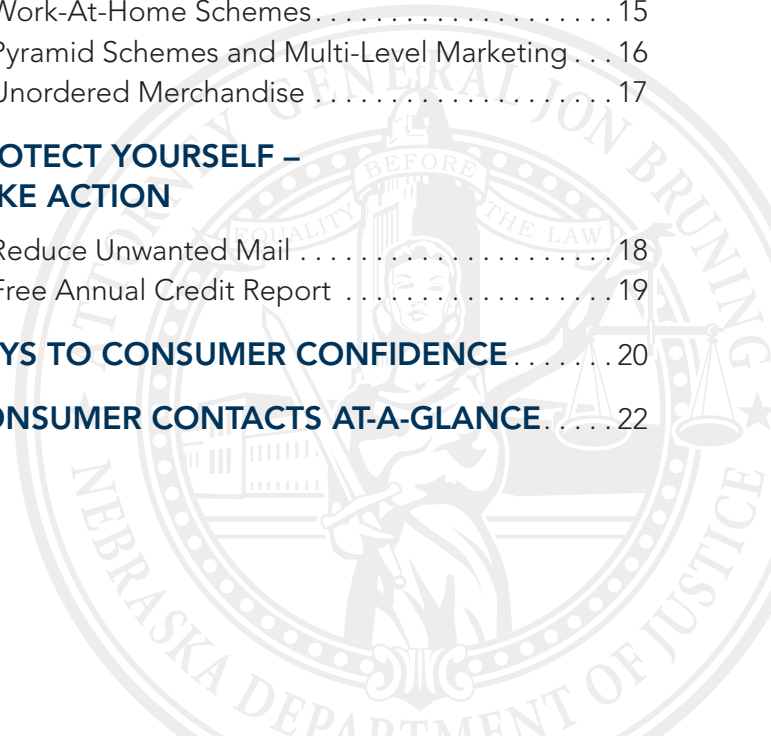
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CONSUMER FRAUD

The Consumer Protection Division of the Nebraska Attorney General's office frequently acts as a mediator between consumers and businesses. The ultimate goal is to reach an agreeable solution for the consumer. If an investigation of a particular complaint reveals the company purposely misled the public about a product or service, and this deception resulted in widespread fraud, we can take legal action under the state's Deceptive Trade Practices and Consumer Protection Acts.

However, the best way to protect Nebraskans against consumer fraud is to help them avoid it through education on how to recognize a scam and safeguard their personal information.



SWEEPSTAKES FRAUD

In the early 1990s, sweepstakes fraud became one of the most serious consumer crimes in Nebraska. Estimates indicated that consumers were literally losing millions of dollars responding to bogus offers for prizes, contests, trips, jewelry, and cars. The Attorney General's office is notified almost daily of yet another instance of sweepstakes fraud. Here is what you can do to protect yourself, or someone you know:

Watch for the Warning Signs

- You are notified that you've won a contest you didn't enter.
- You are asked to pay shipping and handling fees in order to get your "free" prize.
- You must pay money up-front to claim your prize.
- You are sent money from a foreign country.
- You are asked for personal information such as a credit card number, bank account number or Social Security number in order to claim a prize or verify your identity.
- You are pressured to keep your "winnings" a secret from family and friends.
- You are contacted about recovering unclaimed property. All unclaimed property in Nebraska is handled by the State Treasurer's office.

The best way for you to avoid sweepstakes fraud is to simply shred any unsolicited notices of "free gifts" or sweepstakes winnings.

SHOPPING ON THE INTERNET

Shopping on the Internet requires the same diligence you would use when you are visiting a local retailer, chain superstore or a shopping mall. Here is some key information you should know before buying over the Internet:

Look Out for Your Privacy

If an online sale requires you to give information about yourself, find out the company's privacy policy and make sure it doesn't rent or sell your personal information to other companies. Shop only with those companies that respect your privacy. Make sure the site is secure—look for "https" in the address bar.

Keep Your Password(s) Private

Never share your passwords with anyone, and avoid using any password that could be easily associated with you.

Pay By Credit Card

If you use a credit card, you are protected by the Fair Credit Billing Act. This gives you the right to dispute any charges if a criminal acquires your credit card number from an online purchase.

Internet Auctions

Whether you're looking to buy or sell, the Internet can be a convenient way to do business. In most cases, sellers offer one item at a time and collect bids on that item for a specific period of time. At the close of a successful auction, the buyer and seller communicate, via e-mail in most cases, to arrange for payment and delivery of the auctioned item.

In most cases, this process works well. However, scams occur on Internet auction sites every day. On the next few pages, you'll find tips to protect yourself and get the most from your favorite Internet auction site.

IF YOU'RE THE BUYER AT AN INTERNET AUCTION SITE:

Know the Auction Site – Know the rules for each site; not all sites follow the same procedures. Find out what protections are available to the buyer. Some sites offer insurance or guarantees for items that are undelivered, knock-offs, or not what the seller advertised.

Know the Seller – Verify the seller's identity and phone number before making a bid so you can contact them in a manner other than e-mail. Be sure to check out the seller's rating with the auction site before you buy. Before making a bid, know the forms of payment the seller will accept. If your options are limited to sending a check or money order, decide if it is worth the risk. Find out who pays for shipping and make sure you know the seller's return policy.

Know the Product – Try to determine the relative value before you bid. If an item/price seems too good to be true, it probably is. Look for key warning words, such as "refurbished," "close-out," "discontinued," or "off-brand." Because most second-hand or knock-off products come with no, or very limited, warranties, think about how you will have the product serviced, then decide if you still want to make a purchase.

Bidding – If you decide to bid, know your top price and stick to it. Don't bid on anything you don't intend to buy. Don't give out any personal information during the bidding process and save all transactional information in the event that there are problems after the sale.

Wrapping Up – Once you've been notified you "won" an auction, you'll need to make arrangements to pay—use a credit card if at all possible. If the seller requires a check, and you're not comfortable sending one, consider an escrow company.

Second-Chance Scams

When an auction winner does not end up buying an item, or a seller has more than one item for sale, the next highest bidder is offered a “second-chance” to buy that item. Con artists look at completed auctions for high-ticket items and find the user name of the second-highest bidder. The con artist then contacts that bidder claiming to be the seller in order to scam the buyer out of money. If you receive a “second-chance” offer, contact the auction site to verify the legitimacy of the offer.

IF YOU’RE A SELLER AT AN INTERNET AUCTION SITE:

As a seller, you have certain obligations you need to understand before offering an item for sale on an online auction site:

- Federal laws prohibit deceptive or misleading acts of any kind, including Internet auctions.
- Sellers are prohibited from placing “shill” bids or posting false testimonials.
- After the auction closes, you are required to ship the item to the buyer within the specified period of time. If no time frame is specified, then the item must be shipped within 30 days of the sale.

If You Need Help

If you run into problems with any transaction and cannot work things out with the buyer, seller, or the online auction company, you can file a complaint with the Federal Trade Commission (FTC) by calling toll-free (877) FTC-HELP (382-4357), or visit the FTC’s Web site at www.ftc.gov.

You may also contact the Nebraska Attorney General’s office at (402) 471-2682 or the Nebraska Consumer Protection Line at (800) 727-6432. Visit us online at www.ago.ne.gov.

FOREIGN LOTTERY SCAMS

Every year, consumers receive phone calls from someone claiming to be a representative of a foreign lottery, promising the consumer they are almost certain to be a big winner. Once the victim has agreed to participate in the foreign lottery, the consumer will be asked to wire money to cover taxes and fees. This amount can range from \$1,000 to \$4,000.

Recently, scam artists have been sending victims a “check” to cover these costs. All the person has to do is deposit the check and send the money back. The check is then found to be counterfeit, and the victim is liable for the amount of the check.

It is illegal for a foreign or out-of-state lottery to solicit lottery sales in the state of Nebraska. If you receive telephone or mail solicitations asking you to purchase lottery tickets, or to enter into a lottery ‘pool,’ it is a scam. Rest assured, the Nebraska Lottery will never call to solicit the sale of Nebraska Lottery tickets.

Foreign lottery scams are big business. These operations take millions of dollars illegally from American citizens each year. It is often difficult or impossible to get money back from the scam artists.

There is no such thing as a national Canadian, Spanish or German lottery. Any person representing him/herself on the telephone as calling from a foreign lottery is a scam artist. Remember, it is impossible to win a lottery or contest that you did not enter.

ACROSS-THE-BORDER FRAUD

If you are asked to send money to someone in a foreign country in exchange for a low interest rate loan, a large cash reward or a valuable gift, you'll most likely never see it, or your money, again.

"Across-the-Border Fraud" consists of scams operating from a foreign country, most frequently, Canada. The method of operation is always the same, no matter how shrewd the scam.

Several Nebraskans have reported that they have responded to ads in their local newspapers offering low interest loans, regardless of past credit history. After calling an 800-number from the ad, consumers were sent authentic-looking loan applications from a Canadian address. In each of the incidents, the caller was asked to send an up-front fee to secure the loan. Even though it is illegal for a loan broker to charge an advance fee for the procurement of a loan in Nebraska, all of these people were assured that in Canada it was legal. In every case where the Nebraska resident sent the up-front fee, no loan check was ever received. The 800-number to the loan broker was soon a "non-working" number.

Here's how you can avoid being a victim of an "across-the-border" scam:

- Go online, call the Postal Inspector, the Better Business Bureau or your Attorney General in order to check out the statements made by a foreign solicitation.
- Never send money for taxes, duty charges or attorney's fees to someone in a foreign country who promises you a large sum of money or other prize in return for sending an up-front payment.
- Do not give your credit card number to anyone who says you have won a prize in a contest in another country or wants to sell you a ticket in a foreign lottery.

NIGERIAN FEE FRAUD

If you receive a letter from a foreign country offering large sums of money in exchange for your bank account number, you've been targeted for the "Nigerian Fee Fraud" scam.

The scam begins when an official-looking letter from a foreign country, usually Nigeria, asks for cooperation in a confidential "business arrangement" that will supposedly result in the consumer receiving several million dollars in exchange for their cooperation and assistance. This request may come via the telephone, U.S. Postal Service, facsimile or e-mail. In exchange for a large sum, they ask that you simply provide your name, address, bank location and personal bank account number.

If you receive one of these letters:

- Do not respond, especially with your personal banking information, letterhead or stationery, or money.
- Do not give them any personal identifying information.
- Contact the Consumer Protection Division at (800) 727-6432 and provide us with the information you received so we may inform the Federal authorities of this fraudulent activity.

If you respond, typically your bank account is drained of all funds. Once you provide the requested personal information, you are told there are fees involved in getting the money transferred out of the country. You are continually asked to provide more money, sometimes paying thousands in fees and taxes before you realize that the promised money does not exist.

THREE-DAY “COOLING OFF” RULE

Under Nebraska’s Home Solicitation Sales Law (also known as the “Three-Day Cooling Off” Rule), a buyer has until midnight of the third business day to cancel a sale made in a home, or sales that occur in a location other than the seller’s regular place of business (rented hotel room, restaurant, convention center, etc.).

State law requires that all in-home sales contracts mention the 72-hour law with this heading: **“BUYER’S RIGHT TO CANCEL.”**

Should you decide to cancel a contract, it’s best to notify the business by certified mail, “return receipt requested”, so you have documentation that a notice of cancellation was properly sent. Notice of cancellation is considered given at the time you mail the notice, not when the business receives it.

The business has ten days after a home solicitation sale has been canceled to refund your money, including any interest, finance or other charges incurred as a result of the sale.

The Three-Day Cooling Off rule does not cover the following sales:

- Sales under \$25.
- Vehicle purchases.
- Sales that are the result of prior negotiations made by you at the business’s permanent location.
- The purchase of items to meet an “emergency” need when the consumer made the initial contact with the business.
- Sales of securities or commodities.
- Transactions defined as consumer rental purchase agreements.
- Sales involving home repair or home maintenance when the homeowner initiated the sales call.

NEGATIVE OPTION

In the case of some offers, if you don't specifically say "no," then you've said "yes."

The "negative option" requires that you specifically decline an offer, usually in writing, or the assumption is made by the business that you accepted the offer. If you fail to "opt out," a charge for the product or service will be placed on your credit card.

Credit card charges for a "negative option" offer take many consumers by surprise. You may have received information in the mail about the offer, but discarded the promotional material. Or, you may have missed the information that stated a negative response to the offer must be mailed to the business in order to decline the offer.

Here are some suggestions to help you avoid a "negative option" charge:

- Ask questions about any "free trial promotion" offered by the business or a telemarketer. Find out if and when you will be charged, and decline the offer if you do not want it.
- Watch your credit card statement carefully for any charge you did not authorize. If you have an unauthorized charge on your bill, notify the credit card company immediately, in writing, to dispute the charge.
- Promptly notify any business that mails you a "negative option" promotion if your decision is to decline the offer.
- Properly cancel a product/service within the trial period to avoid future charges if you're not interested in receiving the product/service.

HOME IMPROVEMENTS

Be careful about door-to-door home repair “experts” who offer a bargain. If a home repair “expert” knocks on your door offering to make repairs for a low cost, the person could be a scam artist bent on leaving you out in the cold.

Homeowners will save time, money and aggravation by following some basic good sense rules when hiring-out their home repairs:

- Use a local, well-established contractor. Ask for references and check with other customers to find out if they were satisfied with the work performed.
- Get competitive bids on all work, and be wary of any bid that seems too good to be true.
- Don’t accept high-pressure offers or offers that force you to make a quick decision.
- Be skeptical if a contractor demands an up front payment for services.
- Beware of the contractor who comes to your door with a business card containing only a phone number and no address or is staying temporarily in a local motel.
- Check with the local Better Business Bureau to see if the contractor is a member and whether they have received any complaints.

If you feel threatened or intimidated by someone who is at your door, you may want to consider closing and locking your door and calling local law enforcement.

WORK-AT-HOME SCHEMES

Many work-at-home schemes promise an easy lifestyle but deliver long hours, high expenses, and little, or untimely, pay. Interested Nebraskans should be cautious about home employment advertisements, especially ones that promise large profits in a short period of time. While some plans may be legitimate, many are not.

Work-at-home schemes are often advertised in the classified sections of major newspapers or mailed directly to a job searcher's home. What these offers don't tell you is that the prospect may have to work many hours without pay and there may be hidden costs such as paying for ads in newspapers, photocopies and other supplies or equipment needed to do the job. Many people still fall prey to work-at-home scams because they don't take time to ask questions and check references.

If prospective work-at-home employers ask you to buy materials or products to get started, you should be on guard. It may be a scheme to sell something. If a work-at-home program is legitimate, its sponsor should be very open about what is involved—and provide it in writing for free.

If you are considering a work-at-home offer, here are some questions you should ask a potential employer:

- What tasks will I be required to perform?
- Will I be paid a salary or commission?
- Who will pay me?
- When will I get my first paycheck?
- What is the total cost of the work-at-home program, including supplies, equipment and membership fees?
- May I contact other individuals who are currently employed by your company and visit with them about their job?

PYRAMID SCHEMES AND MULTI-LEVEL MARKETING

In the past decade, multi-level marketing has become a popular business in the United States. Many are honest, legal businesses, where participants are compensated for their own product sales and the sales of products by those they recruit. Participants make money primarily from the products that they, and those working for them, sell—not through the recruitment of new participants who pay a fee to enter a business.

A legal multi-level marketing business emphasizes products and sales. A pyramid scheme survives on new investors and capital, requiring you to “invest” and spend your time finding other “investors.”

An illegal “pyramid scheme” is a form of multi-level marketing in which:

- Selling the product is secondary or may not be required at all.
- To join, you must pay an initial “investment” that gives you the right to recruit others into the company.
- For each person you recruit, you receive money or other bonuses.
- Large numbers of new recruits form the base of the pyramid and are required to pay money to a few people at the top.

The eventual collapse of illegal pyramids happens when new money fails to continue flowing. The result causes most participants to lose their initial fee before it is their turn to collect the large sums of money that were promised.

Literature promoting these schemes often claims that income received will not be subject to state and federal taxes, that there is no risk involved in participating, and that the plan is legal under state and federal laws. These claims are a sure sign that the offer is really a pyramid scheme.

UNORDERED MERCHANDISE

The law is clear—if you receive something in the mail, and you didn't order it, it's yours free-of-charge. Thousands of people receive unordered merchandise in the mail each year. Fortunately, consumers do not have to pay for merchandise they did not order. Federal law prohibits mailing unordered merchandise to consumers and then demanding payment.

Unfortunately, some companies may send you unordered merchandise, then attempt to collect. If a consumer receives unordered merchandise in the mail, he or she may keep the shipment and consider it a “free gift.”

Tips regarding unordered merchandise:

- If you receive merchandise in the mail that you did not order, you are not obligated to pay for it, nor are you obligated to return the merchandise.
- You do not have to notify the sender that you are keeping the unordered merchandise.
- If you believe the package you received was the result of an error, write to the business and offer to return the merchandise. Ask the business to arrange pick up of the package or send a prepaid shipping label. Specify a reasonable amount of time for the merchant to comply with your offer. After that time has expired, you reserve the right to keep the merchandise or to dispose of it as you see fit.
- If you recognize a package is not something you ordered, simply hand it back to the postal worker.
- Read the fine print carefully when ordering “free” or “trial” offers or when filling out a sweepstakes entry. You may find that by filling out the form, you are authorizing the business to enter you in their “club” with regular purchasing options.

REDUCE UNWANTED MAIL

Registering with the Direct Marketing Association's (DMA) Mail Preference Service will remove your name from their members' mailing lists. This service can substantially reduce the amount of national advertising mail you receive. Registering will not eliminate all unwanted mail, but it can significantly reduce the amount of mail you receive.

If you do not want your name and other personal information to be sold to the companies you do business with, request that your name be removed from their customer lists. Information about how to opt out of marketing lists is often provided on the companies' materials and order forms.

Those marketers who are operating contests or other scams are not likely to belong to the DMA. This means that, even after you register with their Mail Preference Services, you may continue to receive scam attempts through the mail.

To register your name with the DMA's Mail Preference Service, visit them online at www.dmaconsumers.org or write to:

Mail Preference Service
Direct Marketing Association
P.O. Box 9008
Farmingdale, NY 11735-9008

FREE ANNUAL CREDIT REPORT

Don't forget! Under federal law, you are entitled to receive a free credit report every 12 months. Visit www.annualcreditreport.com to learn more and request a copy of your FREE credit report. Or, you can get individual reports from any of the three following national credit-reporting companies:

- Equifax – (800) 685-1111, www.equifax.com
- Experian – (888) 397-3742, www.experian.com
- TransUnion – (800) 680-7289, www.transunion.com

Remember, there is no better way to protect yourself from identity theft than by periodically checking your credit report. But be careful, some sites claim to offer “free” credit reports but may actually charge you; be sure to read all the information on the site before ordering your report.

How Vulnerable Are You?

Visit www.ago.ne.gov now and take our Consumer Vulnerability Survey to see how you rate.

PART III: KEYS TO CONSUMER CONFIDENCE

Take a moment to familiarize yourself with the tips below. In doing so, you can do business anywhere with confidence.

- Never give credit card, bank account or Social Security numbers to people you don't know.
- Photocopy the front and back of every license, credit card, insurance card, etc. that you carry in your wallet. If your wallet is lost or stolen, then you have all the pertinent contact information at your fingertips.
- Don't be a victim of high-pressure sales tactics. Ask for information to be sent in the mail. This will give you the time and information you need to prepare a list of questions and make informed decisions. Most legitimate businesses will be happy to oblige.
- Always check your credit card bills for unauthorized charges. Report them to the credit card companies immediately.
- Everyone, regardless of age, sex, education level, financial situation or location, is a potential victim.
- Don't be afraid to hang up—it's okay to be rude.
- Seniors may be targeted more because they are perceived by scam artists to have more free time, tend to be alone more, and may have more disposable income.
- Educate yourself and talk to others.

- There will never be a solution that eliminates scam artists—they are constantly changing their methods to avoid law enforcement.
- Don't be afraid to ask a neighbor, family member, friend, banker, or trusted advisor if you have doubts about an offer or business.
- Call law enforcement immediately if you think you have been victimized.
- Never accept the help of someone who calls you and offers to help recover the losses in a scam "for a small fee." Odds are, it's the same scam artist coming back for more.
- Your trash can be a treasure to identity thieves. When you discard the items below, don't just toss them—shred them:

Receipts

Credit card statements

Copies of credit card pre-approvals

Insurance forms

Physicians' statements

Bank checks and statements

Expired charge cards

Credit cards and other offers of credit

Mailing labels from magazines

NE Attorney General's Office

www.ago.ne.gov

(402) 471-2682

(800) 727-6432 – Consumer Protection

(888) 287-0778 – Senior Outreach

(888) 850-7555 – En Español

Address: Room 2115, State Capitol
Lincoln, NE 68509

NE Department of Banking and Finance

Consumer Affairs Division

www.ndbf.org

(402) 471-2171

Address: Commerce Court
1230 "O" Street, Suite 400
P.O. Box 95006
Lincoln, NE 68509-5006

NE Department of Insurance

Consumer Affairs Division

www.doi.ne.gov/consumer.htm

(402) 471-2201

Address: The Terminal Building
941 "O" Street, Suite 400
Lincoln, NE 68508

NE Department of Labor

www.dol.state.ne.us

(402) 471-9000

Address: 550 South 16th Street
P.O. Box 94600
Lincoln, NE 68509-4600

NE Department of Motor Vehicles

www.dmv.state.ne.us

(402) 471-2281

Address: Mall Level, 301 Centennial Mall South
P.O. Box 94789
Lincoln, NE 68509-4789

NE Motor Vehicle Industry Licensing Board

<http://mvdealerbd.ne.gov>

(402) 471-2148

Address: 301 Centennial Mall South
P.O. Box 94697
Lincoln, NE 68509-4697

Ombudsman (Public Counsel)

<http://www.nebraskalegislature.gov/web/public/ombudsman>

(402) 471-2035

(800) 742-7690

Address: Room 807, State Capitol
P.O. Box 94604
Lincoln, NE 68509-4604

NE State Patrol

www.nsp.state.ne.us

(402) 471-4545 – General Information

(800) 422-1494 – Statewide Crime Stoppers (anonymous)

Address: 1600 Highway 2
P.O. Box 94907
Lincoln, NE 68509-4907

Public Service Commission

www.psc.state.ne.us

(402) 471-3101

Address: Suite 300, The Atrium
P.O. Box 94927
Lincoln, NE 68509-4927

NE Department of Revenue

www.revenue.state.ne.us

(402) 471-2971

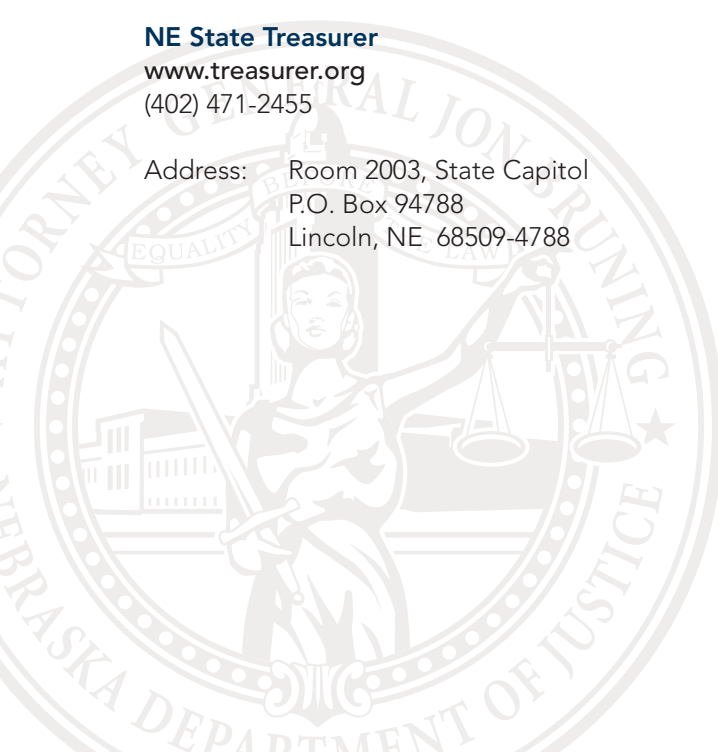
Address; 301 Centennial Mall South
P.O. Box 94818
Lincoln, NE 68509-4818

NE State Treasurer

www.treasurer.org

(402) 471-2455

Address: Room 2003, State Capitol
P.O. Box 94788
Lincoln, NE 68509-4788



ADDITIONAL HELPFUL CONSUMER CONTACTS:

Adult Protective Services	(800) 652-1999
Better Business Bureau	(800) 649-6814
BBB Charity Registry	www.give.org
Contractor Registration Certificates	(402) 595-3095
ECHO Project (Medicare/Medicaid Fraud Waste)	(800) 942-7830
Equifax	(800) 685-1111 www.equifax.com
Experian	(888) 397-3742 www.experian.com
Federal Communications Commission (Unsolicited Faxes)	(888) 225-5322
Federal Trade Commission	(877) 382-4357 www.ftc.gov
National Fraud Information Center	(800) 876-7060
National Do Not Call Registry	(888) 382-1222 www.donotcall.gov
State Health Insurance Information Program (SHIIP) Senior Hotline	(800) 234-7119
TransUnion	(800) 680-7289 www.transunion.com
U.S. Postal Inspectors	www.usps.com/postalinspectors



JON BRUNING
ATTORNEY GENERAL,
STATE OF NEBRASKA

FOR MORE INFORMATION, CONTACT:

Attorney General Jon Bruning
Nebraska Department of Justice
Consumer Protection Division
2115 State Capitol
Lincoln, NE 68509

Attorney General's Office (402) 471-2682
Consumer Protection (800) 727-6432
Senior Hotline (888) 287-0778
En Español (888) 850-7555
Web site: www.ago.ne.gov

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