Identity Theft is a crime in which an impostor obtains key pieces of personal identifying information (PII) such as Social Security Numbers (SSN) and driver’s license numbers and uses them for his own personal gain. It can start with lost or stolen wallets, stolen mail, a data breach, computer virus, “phishing” scams, or paper documents thrown out by you or a business (dumpster diving).

How can I minimize my risk of becoming an identity theft victim?

As consumers, you have little ability to stop or prevent identity theft. However, there are some positive steps to take which will decrease your risk.

Don’t give out your SSN unnecessarily (only for tax reasons, credit or verified employment.) Before providing personal identifiers, know how it will be used and if it will be shared.

Use a cross-cut shredder to dispose of documents with personal information. Also, use a specialized gel pen when writing out checks.

Place outgoing mail in collection boxes or the U.S. Post Office.

Know your billing cycles and contact creditors when bills fail to show up. Review bank and credit card statements carefully.

Password protect your financial accounts. A strong password should be more than eight characters in length, and contain both capital letters and at least one numeric or other non-alphabetical character. Use of non-dictionary words is also recommended.

Don’t give out personal information on the phone, through the mail or over the Internet unless you initiated the contact.

Use firewall software to protect computer information. Keep virus and spyware software programs updated.

Reduce the number of preapproved credit card offers you receive: 888-5OPT-OUT (you will be asked for your SSN)

Order your free annual credit reports on-line at: www.annualcreditreport.com or by calling (877) 322-8228

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For more information contact Center Director Charles Williamson at 912-478-5796 or jcwilliamson@georgiasouthern.edu
Investment Scams - Be Alert!

**High return/low risk schemes**

Ponzi schemes, one of the most common types of investment scams, typically offer substantially higher investment returns than what is achievable in the current market. These schemes depend on investment by new investors to provide the funds to pay “returns” to the longer-standing investors … until there’s not enough coming in to pay out.

Be careful of any “high return/low risk” or “average return/no risk” offers. Don’t believe anyone who says they can deliver big money for little or no risk. They can’t!

**Advance fee schemes**

This scheme occurs when the victim pays money to someone in anticipation of receiving something of greater value – such as a loan, contract, investment – and then receives little or nothing in return. Usually the fraudster has disappeared by the time the victim realizes that he is going to receive nothing. Some common advance fee schemes include “Nigerian letter fraud”, “finder’s fees” to find financing, mortgages, scholarships, etc.

**Collectibles**

You don’t like traditional investments like the stock market or real estate? Don’t fall for collectible investment schemes unless you really know the subject area. There are plenty of so-called “investment grade” collectibles that have no value at all. They are created only for the buying market – commemorative coins or plates, “replica” antiques, autographed memorabilia, etc. Would you know how to value these? Will there be a market for them when you are ready to sell?

**Prime Bank schemes**

These schemes offer extremely high yields in a very short period of time (Sound familiar?). The fraudsters claim to have access to “bank guarantees” (whatever that means) that they can buy at a discount and sell at a premium. By selling the “bank guarantees” several times, they claim they can generate exceptional returns. The con artists refer to these guarantees as being issued by the world’s “prime banks”. They attempt to get the victim to send money to a foreign bank, where it is immediately transferred to another offshore bank controlled by the fraudster.

**Pyramid schemes**

Not unlike Ponzi schemes in which new investors’ (victims’) money is used to pay returns to earlier investors. Pyramid schemes, also referred to as franchise fraud or chain referral schemes, are marketing and investment frauds in which an individual is offered a distributorship or franchise to market a particular product. The real profit is earned, not by the sale of the product, but by the sale of the distributorship. Arguably worse than a straight Ponzi scheme, the pyramid scheme uses the victims themselves to recruit more victims through the payment of recruitment fees.

Some suggestions for avoiding falling victim to an investment scam:

- Be skeptical of investments that promise extraordinary returns at little or no risk, even if your family and friends claim they have received the promised returns.
- Do not invest in anything you don’t understand. If the promoter cannot explain the investment in simple enough terms for you to understand, do not invest in it.
- Do not invest anything or sign any contracts in a high-pressure situation; tell the promoters you need time to do research and think about the investment opportunity.
- Carefully research the investment claims as well as the backgrounds of the investment company along with its promoters. Make sure that the investment offering is registered with state securities regulators and that the promoters are licensed by state regulators.

In summary, consider a modern version of an age-old adage,

“If it sounds too good to be true, prepare to be scammed!”