



# CONSUMER PROTECTION QUARTERLY

Spring 2011

A publication from  
the Office of the Nevada Attorney General

## A Message from the Attorney General

Recently we celebrated Consumer Protection Week. During that week, my office issued a series of Consumer Alerts on a variety of scams we are seeing in Nevada and throughout the country.

We believe it is important to alert consumers so they can recognize these scams and take precautions to protect themselves. In addition to identifying the scammers operating in our community and bringing them to justice, it is just as important to alert and protect consumers BEFORE the scams take place. Prevention is the most effective, efficient and cost effective way to maintain law and order. If we can prevent a scam from occurring, we save our citizens, our law enforcement, our prisons and our state.

I hope you will read the messages in our new quarterly publication and be informed, be alert and be aware. Let's send the message to the scammers that Nevadans are too smart to fall for their devious business in our state.



## **Bin Laden Scams**

Several Federal law enforcement agencies have warned computer users that messages claiming to include photos and videos of Osama bin Laden's death actually contain a virus that could steal personal information.

These e-mails arrive in consumers' e-mail boxes as unsolicited e-mail or "spam." If the victim opens the e-mail, various forms of malware and Trojan horse programs are downloaded which can steal personal identifying information or cause a variety of computer problems. Another version of this scam requests personal identifying information in a series of requests. This information can be used for Identity Theft purposes. In each case, the recipient is victimized by clicking on a link embedded in the e-mail.

Consumers are warned to delete the e-mail without opening it. If you believe you might have accidentally downloaded malware by mistake, there are several free antivirus programs on the Internet. These antivirus programs will alert you to the presence of a virus. If a warning is received, consumers are encouraged to have their computer checked by a computer technician who can run a multitude of tests and clean up your computer.

## **Avoid Japan Relief Scams**

People looking for ways to help with earthquake relief to Japan should be wary of scam artist solicitations. In past tragedies and natural disasters, individuals with criminal intent have solicited contributions purportedly for a charitable organization.

- ◆ Ignore unsolicited e-mails, and do not click on links within those messages.
- ◆ Be skeptical of individuals representing themselves as survival victims or officials asking for donations via e-mail or social networking sites.
- ◆ Be cautious of e-mails that claim to show pictures of the disaster areas in attached files, because the files may contain computer viruses. Open attachments only from known senders.
- ◆ Decline to give personal or financial information to anyone who solicits contributions.
- ◆ Make Contributions directly to known organizations, rather than relying on others who claim in e-mails that they will channel the donation to established groups.

For more information on donations:

Guidelines for Appropriate International Disaster Donations, produced by The Center for International Disaster Information (CIDI.) The CIDI can also be reached by telephone at 703.276.1914

Tips on Charitable Giving, produced by the Better Business Bureau's Wise Giving Alliance.

Donor Information, produced by GuideStar

Tips for Giving Wisely, produced by the American Institute of Philanthropy

# BEWARE OF SCAMS

## Grant Scam:

Businesses are contacted with promises of Federal or corporate money if the business pays the caller to write a grant request for submission. The caller claims the business qualifies for a large amount of grant money and the business will receive the grant in a few days. All the business needs to do is to pay the grant writer anywhere from \$2,500 to \$7,000 to receive the grant. Sometimes the grant writer tells the victim to incorporate as a "non-profit" corporation in Nevada in order to receive the grant. The corporation is set up but no grant is ever received and the grant writer suddenly stops taking telephone calls.



## Foreign Lottery Scam:

You go to your mailbox and find a letter from a supposed lottery operation telling you your number has been selected from a list of entries and you have won a large sum of money from this lottery. Enclosed is an authentic looking check which is supposed to be a partial payment so you can pay fees and taxes. You are instructed to cash the check and wire money to some location via Western Union or MoneyGram. The check enclosed is either counterfeit or stolen. The payee is either a victim of theft or the payee is non-existent and the address for the bank is erroneous. The check will bounce or be dishonored. If the victim sends the money to the criminals, he or she will be out the money and may have to repay the bank if there were not sufficient funds to cover the bounced check. Primary targets for this scam are senior citizens and the poor.



## Grandparent Scam:

The phone rings and the consumer is told their grandchildren have been arrested in Canada (or Mexico) and money must be wired in order to clear them. The first call will be from an individual who claims to be a relative or someone claiming to be from the police. A second call will be from someone posing as an attorney. The recipient of the call is asked to wire money to Canada or Mexico or some other foreign country. A similar scam claims a grandchild had their wallet stolen in a foreign country and needed money wired to them. Consumers are warned never to wire money to a foreign country because if it is a scam, there is no way to retrieve the cash. If you feel compelled to send money by wire transfer, first consider whether losing that money would be acceptable and second, make a call to the grandchild, their parents or the supposed individual in trouble at their local number. Those who make these calls usually find the grandchild or the needy friend is safe at home in the United States.



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General telephone numbers for the Nevada Attorney General's Office are 775.684.1100 or 702.486.3420.

Office addresses are: 100 N. Carson Street, Carson City, Nevada 89701 or 555 E. Washington Avenue, Suite 3900, Las Vegas, Nevada 89101

# **AWARENESS AND WARNINGS**

## **Be Aware Of Rights in Debt Collection**

A debt collector is someone, other than the creditor, who regularly collects debts owned to someone else. You may be contacted by a debt collector if you fall behind repaying your creditors on a personal, family or household debt. The Federal Fair Debt Practices Act requires that debt collectors treat consumers fairly.

Debt collectors are prohibited from contacting you before 8:00am or after 9:00pm. A debt collector may not contact you at work if the collector is aware that your employer prohibits it. They may not falsely imply that they are attorneys or government representatives or that they work for a credit bureau. Harassing or abusive behavior such as threats of arrest, profane language or repeated annoying phone calls are also prohibited. Under the law, you have certain rights as a consumer:

- ◆ Within five days after you are first contacted, the debt collector must send a written notice about the debt, including the amount owed, the name of the creditor and what action to take if you do not owe the debt.
- ◆ You have 30 days to file a written dispute and the debt collector must provide written verification of the debt
- ◆ You may stop a collector from contacting you by sending a written request to cease contact. However, sending such a letter will not erase the debt if you actually owe the debt.

If you have questions about a debt collection company or wish to file a complaint in writing, contact the Financial Institutions Division of the Nevada Department of Business and Industry at 2785 Desert Inn Road, Suite 201, Las Vegas, NV 89121.

## **Consumers are Warned Regarding E-Mail Leak**

Epsilon, a marketing firm hired by many large corporations to maintain permission-based e-mail marketing lists, had a breach in security resulting in the disclosure of a number of consumers' names and e-mail addresses.

The information that was leaked exposes customers of the grocery chain The Kroger Co., JPMorgan Chase, Capital One, Marriott Rewards, Amazon, McKinsey Quarterly, US Bank, Citibank, Brookstone, Walgreens, the Home Shopping Network, as well as a large number of other companies. This exposes consumers to phishing, a practice in which thieves attempt to steal personal information from consumers by sending e-mails designed to mislead the consumer into believing that the e-mail is from a company with whom the customer does business.

The best way for consumers to protect themselves is to follow the same warnings recommended if they receive any e-mail asking for account information, including passwords or login names. Do not click on any link in the e-mail you receive. If you feel the need to contact the bank or company, close the e-mail, close your browser, then search for the company's authentic website for information. Better still, locate the company's customer service telephone number through an independent source, such as the back of your credit card or your local telephone directory, and call to confirm the request for information.

## **Mystery Shopper Scam Alert**

Some Nevadans have received letters or e-mails offering employment as a "Mystery Shopper." These proposals involve wiring money from either Western Union or Moneygram as part of the "investigation against these companies." The mailer fails to notify the intended victim that persons performing mystery shopper services in Nevada must first obtain a private investigator's license.

An official-looking check will be sent with instructions that the mystery shopper cash the check and then use most of the proceeds to wire money to a different location. Alternately, the consumer will be instructed to buy one or two small items and then wire the remainder of the money back to the company. Wiring money back to the company who originally provided the cashier's check is a reoccurring theme in this scam. The consumer is instructed to act immediately. The cashier's check is either stolen or a forgery and will bounce. The scammers want the victim to wire money back to them before the bank – and the victim – discovers the check is a forgery. If the check is cashed, the victim will be required to pay the bank for the money paid on the forged check and any money wired to the company. The "company" is invariably located in another country and funds cannot be retrieved from it.

The Nevada Attorney General warns Nevada citizens to never wire money to anyone who is not personally known to the sender. Scammers use wire transfers, usually via Western Union or MoneyGram, because those transfers are difficult to trace. The person receiving the money for the scam often is hired to pick up the money and transfer it to someone else. In almost all of the cases referred to the Attorney General's Bureau of Consumer Protection, the payee listed on the check does not match the name of the so-called lottery, sweepstakes or mystery shopping service. This is a quick indication that the checks are probably stolen.

Before cashing a lottery, sweepstakes or mystery shopper check, call the Attorney General's Bureau of Consumer Protection at 775.684.1169 for information on a possible scam in progress.

# **MORTGAGE FRAUD**

## **Nevada is Foreclosure Central Don't Fall Victim to Loan Modification Scammers**

A large percentage of Nevada homeowners now owe more on their mortgages than their homes are worth. Many are unable to make their mortgage payments because of reduced incomes or payment increases on adjustable rate mortgages.

Unfortunately, this situation has spawned a cottage industry of loan modification scammers waiting to prey on unsuspecting victims who are looking for a lifeline to save their homes.

Some scammers guarantee they can obtain loan modifications regardless of the homeowners' particular circumstances. In many cases, clients are advised to forego their monthly mortgage payments, ostensibly to improve the negotiating posture with the lender. In some cases these businesses trick unsuspecting homeowners into signing documents transferring ownership of their homes to the scammers.

Usually homeowners are left in a worse position as a result. These companies rarely, if ever, obtain a loan modification for their clients. Most charge their clients large upfront fees, but do little, if any, work once they have been paid. Often the homeowners ultimately lose their homes.

A variation to the loan modification scam is the mortgage servicing scam. This involves the scam artist sending letters to homeowners telling them their company has taken over servicing of the mortgage from the homeowner's bank and that mortgage payments should now be made to the scam artists' business. It is important that whenever homeowners receive a letter regarding a change in status or servicing of a mortgage, they contact their bank to verify such changes.

Being a victim of a loan modification scam is avoidable. Homeowners can directly negotiate loan modifications with their mortgage loan services. For those who want assistance, the best option is to work with a HUD certified counselor. HUD certified counselors do not charge a fee for their services. To find a local HUD-approved housing counseling agency, call 702.229 HOME or 877.448.4692 or visit [www.fightfraud.nv.gov](http://www.fightfraud.nv.gov).

**SOME RED FLAG WARNINGS** you should be aware of before you seek assistance:

Be suspicious of anyone that:

- ◆ Guarantees to stop foreclosure
- ◆ Pressures you to sign or pay
- ◆ Tells you NOT to contact your lender
- ◆ Wants to charge you up-front
- ◆ Tells you to make payments to them
- ◆ Offers to fill out paperwork
- ◆ Tells you foreclosure "scams" aren't real

**Don't become a victim. Let's STOP FORECLOSURE FRAUD in Nevada NOW!!**

## NEVADA RECEIVES \$1.7 MILLION GRANT TO HELP FIGHT MORTGAGE FRAUD

Nevada has received \$1,700,500 from the U.S. Office of Justice Program as a discretionary or project-driven grant to enable the Mortgage Fraud Unit within the Nevada Office of the Attorney General to expand services to deal with Nevada's mortgage fraud and vacant property crimes.

The grant enabled the Mortgage Fraud Unit to add four investigators and two prosecutors to its current staff of three investigators and three prosecutors. The grant enabled the unit to increase the number of cases investigated and prosecuted, increase the amount of funds recovered through restitution for victims and create a plan to sustain the program after grant funds have been exhausted. The Office of the Attorney General has been working in partnership with the Federal Bureau of Investigation, federal prosecutors, local law enforcement and state and community agencies to investigate and prosecute mortgage fraud cases.

The Attorney General's Mortgage Fraud Unit has criminal litigation files open against 18 loan modification companies in Clark County. An additional 51 cases have been designated for civil handling and are at various states of prosecution.

In the past 12 months, the Mortgage Fraud Unit has executed 16 search warrants and presented 12 large scale mortgage fraud and loan modification cases to the grand jury – each involving hundreds of victims and thousands of pages of documentary evidence. The Unit has obtained indictments against 22 mortgage fraud defendants for a combined total of 139 felonies. It has successfully obtained convictions against 20 defendants to date, resulting in 17 felony convictions, three gross misdemeanor convictions and 11 misdemeanor convictions for mortgage fraud related crimes.

Prosecutions have resulted in restitution orders totaling more than \$670,132 payable to victims. The Unit currently has 9 cases awaiting jury trial against 16 defendants. Over 200 cases are pending investigation.

The office utilizes a number of Nevada statutes to prosecute these mortgage fraud cases ranging from forgery; embezzlement; obtaining money by false pretenses; false, deceptive or misleading advertising; deceptive practices; money laundering and racketeering.

The Office of the Attorney General was the first law enforcement agency in Nevada to successfully utilize NRS 205.372, the 'Mortgage Lending Fraud' statute passed by the 2007 Nevada Legislature. The statute creates the crime of "mortgage fraud" and since the office began utilizing this valuable prosecution tool, we have successfully obtained indictments and convictions, including sentences involving prison time.



**Attorney General Masto swears in new Mortgage Fraud Deputy Attorney General and Investigators. A grant from the Department of Justice enabled the AGO to hire additional staff to fight the mortgage fraud**

# **ARRESTS AND PROSECUTIONS**

## **Immigrant Assistance Scam Arrests Made**

The Office of the Attorney General in cooperation with State and Federal authorities arrested four people in connection with a nationwide immigration scam that entailed impersonating Federal employees of the U.S. Citizenship and Immigration Service (USCIS.)

The original reports that led to this investigation and ultimate arrests were called in by concerned citizens to ICE's toll-free tip line.

The scammers duplicated electronic checks for its services without authority, resulting in a double payment for the filing. Consumers who paid by money order or by other means found the defendants either refused to file the documents with USCIS or simply did nothing and kept the money.

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## **Sentencing for Mortgage Scam Against Senior Citizens**

A defendant who defrauded a Clark County couple of the equity in their home pled guilty to one count of theft—Obtaining Money in Excess of \$2,500. The charges stemmed from a scheme to fraudulently obtain a mortgage loan against a property owned by the defendant's former employee without his knowledge or consent. The victims are both over the age of 60.

The defendant was sentenced to serve a term of 24 to 120 months in the Nevada State Prison. Although the sentence was suspended, the defendant was ordered to spend the first six months in county jail.

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## **HEALTHCARE WORKER SENTENCED FOR MEDICAID FRAUD**

A defendant was sentenced for two misdemeanor offenses of Submission of False Claims and sentenced to 90 days in jail, suspended, payment of \$7,100 in restitution, penalties, and costs, and one year probation in this Medicaid fraud case. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

The investigation revealed that the defendant was not providing personal care assistant services to a Medicaid recipient and was receiving payment for those purported services. Medicaid has a personal care assistant program to keep people living independently in their own homes by providing basic services, including bathing, dressing, house cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. The investigation developed information that the defendant indeed failed to provide care services for the patient for whom she was employed, yet claimed that she performed the services and received payment as if she had actually performed the services.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. The unit also investigates and prosecutes instances of elder abuse or neglect. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>