



Telephone Vigilance Pays Off

It seems like wherever there's an opportunity for a business scam, some unscrupulous souls will do all they can to exploit it. Take the telephone for example—for most of us it's a communications necessity we would have a tough time living without. So it stands to reason that the more options there are for telephone use, the greater the number of scams lurking out there to lighten your wallet. In this issue of Dollars & Sense, we identify several types of telephone scams or unfair practices and steps you can take to help protect your family, friends, and work associates.



Costly International Telephone Number Scams

According to the Federal Trade Commission (FTC) (www.ftc.gov), consumers nationwide are being lured into calling international telephone numbers through advertisements and other promotions for interesting or important information. Ads may promise information and entertainment services ranging from psychic readings to chat lines to employment opportunities. However, what you may not know is that some of these numbers are actually costly international “pay-per-call” numbers, where a portion of your international long distance charge goes to pay for the information or entertainment you receive over the phone.

You could end up with a hefty phone bill if you call such an international telephone number. That's because each country sets its own telephone rates, and there's no limit to the per-minute charge. The companies urging you to call have an incentive to keep you on the line as long as possible because they receive a portion of the international long distance charge. The more often you call—and the longer you stay on the line—the more they profit.

Know Where You're Calling—International Rates May Apply

Unfortunately, it isn't always easy to tell if you're calling an international telephone number. In most cases, you have to dial “011” to begin your call to a foreign country. But there are locations outside the United States and Canada, many of them in the Caribbean, where you simply dial the area code and number to reach your party. And there are scam artists who have taken advantage of this confusion by promoting calls to “809” numbers in the Dominican Republic. While these telephone numbers may look like domestic long distance calls, international telephone rates apply.

Be a Smart Telephone Shopper

These international telephone services are similar to “900” number services because you purchase information or entertainment over the telephone and pay for it simply by dialing the telephone number. Providers of

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Cramming: Mystery Phone Charges

Most of us are no strangers to late night cramming for a school mid-term or final exam. But nowadays you may also want to study your monthly phone bill more closely. "Cramming" in the telephone world refers to unexplained charges on your phone bill for services you never ordered, authorized, received, or used. Sometimes a one-time charge for entertainment services will be crammed onto your phone bill. Other times, monthly recurring charges appear. Cramming of monthly recurring charges falls into two general categories: club memberships, such as psychic clubs, personal clubs, or travel clubs; and telecommunications products or service programs, such as voice mail, paging, and calling cards.

Cramming Schemes

Most of these scams occur through the use of an 800 number. Others are initiated by contests or

sweepstakes. They are all deceptive, and you should dispute the charges. Here are some common ways crooks get your phone number and cram charges onto your bill.

800 Number Calls. You call an 800 number advertised as a free date line, psychic line or other adult entertainment service. A recording prompts you to give your name and to say "I want the service," or some similar phrase, to get the advertised free service. You may have no opportunity to speak with an operator or ask questions, but you are automatically enrolled in a club or service program. The phone number from which you call is captured and billed. You often never get the "free" service you called for, or the service you're billed for.

Contest Entry Forms. You fill out a contest entry form, thinking you're entering to win a prize. In fact, some crooked promoter is using the contest to get your phone number, enroll you for a calling card or some similar service, and bill you on your phone bill.

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Don't Get Crammed

Remember, save your cramming is for mid-term and final exams. Here are some tips to help you avoid telephone cramming scams:

- Be aware that your local telephone company may bill for services provided by other companies. Your local phone bill may include charges for long distance telephone calls, information or entertainment services accessed through 900 numbers or pre-subscription agreements, club memberships, and non-basic telecommunications services like voice mail or paging.
- With the right technology, companies can get your phone number when you call them, using a process similar to caller ID. Once they have your number, an unscrupulous company can cram charges onto your phone bill. What's more, since this technology can automatically bill the phone number that is called from, other people using your phone can cause charges to be billed to your phone.
- Carefully read the fine print before you fill out contest forms, especially if they ask for your phone number. Likewise, read the fine print before you place a call in response to a sweepstakes promotion.
- Also be cautious about calling unfamiliar 800 numbers. Be especially wary if you're told to enter codes, leave your name, or answer "yes" to prompts. Dishonest entertainment providers may use this ruse to send you a bill.
- 900 numbers cost money, even if you're calling to claim a "free" prize. All 900 numbers that cost more than \$2 must give you a brief introductory message about the service, the service provider, and the cost of the call. You have three seconds after the message ends to hang up without being charged.
- Consider a 900 number block; it stops calls from going through to 900 number services. Blocks also are available for international, long distance, and local toll calls. Call your local phone company for details.

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The disclosure on the entry form, which is very difficult to comprehend and in very fine print, says that by completing the form, you authorized the service. You may never get the service—just the bills.

Charges typically appear as miscellaneous charges or credits. They may be so small, or described in such general terms, that they're easy to overlook or to confuse with valid services you may have ordered from another provider.

Direct Mail Sweepstakes. You receive a sweepstakes promotion in the mail that tells you to dial an 800 number to enter or claim your prize. When you call, a recording follows an automated script to automatically enroll you in a club or service program. The phone number from which you call is captured and billed. Once again, the disclosure on the sweepstakes mailer is very difficult to comprehend and in very fine print, and you do not get the service—just the bills.

"Instant" Calling Cards. Someone may use your phone to call an 800 number for an adult entertainment

service, and be offered an "instant calling card." The "calling card" isn't an actual card, but is rather an access code based on the phone number from which the call was placed. The card is used to access and bill for the entertainment service. If someone uses your phone to sign up for such a card, your phone number will be billed for all purchases of entertainment made using that card, whether or not they are made from your phone.

Dating Service Calls. You call an 800 number advertised as a way to meet local people for free. You're told your date will call you back, or you're asked to enter a code to be "teleconferenced" with your date. What you're not told is that you'll be charged a hefty fee for your conversation with your date. Charges for these calls show up on your phone bill incorrectly labeled as collect or toll charges from a different city.

"Free Minutes" Deals. You may see ads promising "free time" for a date line, psychic line, or other adult entertainment service. When you call, you're put on hold but told that you won't be charged for this time. Not always true: Sometimes, the "hold time" is deducted from your free minutes. In fact, you may be billed for some of your "hold time" as well as your "talk time." ■

- Check your phone bill every month for unfamiliar charges. Sometimes, a call placed to a toll-free number may be fraudulently billed as a 900 number, collect call, or international call. Also, calls to information and entertainment providers in foreign countries may not be described as such. They may be listed as ordinary international toll calls, or calling card calls.
- Examine your phone bill for recurring monthly charges. These charges typically appear as "Miscellaneous Charges and Credits." They may be so small, or described in such general terms, that they're easy to overlook or to confuse with valid services you may have ordered from another provider. Watch for fees described as "Min. Use Fee," "Activation," "Member Fee," "Voice Mail," or some similar phrase. If you find an error on your bill, follow the instructions on your statement. You will be told whom to call or write to dispute the charge. Follow up any phone conversations with a letter, sent by certified mail, return receipt requested. That's your proof that the company received your letter. Keep a copy for your files.

Where to Complain

First, try to resolve the problem by contacting the telephone company, information provider, or billing agent whose toll-free number is listed on your phone bill. If you call, follow up with a letter. You should also consider contacting your state Attorney General's office and the Federal Trade Commission (FTC). Most Attorney Generals' offices have divisions that deal primarily with consumer protection issues. Check the government section of your phone book or contact your local or state consumer office for the phone number and address of your state Attorney General's office. You can also link to the websites of the Attorney Generals' offices of many states from the National Association of Attorney's General website.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. ■

Costly International Telephone Number Scams *(continued from page 1)*

both 900 number and international pay-per-call services make money based on the number and length of calls generated to the pay-per-call numbers. However, one very important difference is that the protections afforded by FTC's 900 Number Rule—clear disclosures about the cost of the call before those costs are incurred—do not apply to international pay-per-call numbers.

If you are deciding whether to call an international pay-per-call number, you should also know that:

- You won't hear a free preamble stating the cost of the call. Nor will you be given an opportunity to hang up without being charged.
- Ads for international pay-per-call numbers rarely, if ever, reveal the precise amount that you'll be billed—this can result in a big surprise when your bill arrives.
- Your telephone service may be cut off if you don't pay the charges for international calls.
- There's no easy way to block access to these numbers from your telephone.

Don't Let Your Guard Down

Some international pay-per-call numbers are promoted in uniquely deceptive ways. You may receive "urgent" messages left on answering machines, pagers, or computer e-mail, trying to get you to call the international number. The messages tell you to call a long distance number for more information. In many cases, the return-call number is an international pay-per-call line, with a three digit exchange that looks like an American or Canadian area code. The message may falsely claim that a family member has been injured, that you've won a prize, or that there's a problem with your credit. If you return the call, you may be unwittingly putting money into the pockets of scam artists.

How to Protect Yourself

If you see an ad for an information or entertainment service, or receive an urgent message to return a call, follow these precautions:

- Ask your telephone provider to block access to any international calls. This should protect you from falling prey to unwanted scammers.
- Be skeptical about area codes you don't recognize, especially: 809 (Dominican Republic); 758 (St. Lucia); or 664 (Montserrat). There are dozens of other area codes (most in the Caribbean) which connect callers to an international telephone call. Check your telephone directory or call the operator to determine if the area code is for a domestic or international location before calling.
- Be wary of ads for information or entertainment services which make such claims as "not a 900 number," "no premiums apply," or "LD rates apply." The advertisers of these services would like consumers to believe that these pay-per-call services are not as costly as 900 number services when, in fact, they may be even more expensive.



- Tell family members they need your permission to call domestic or international long distance services. For example, children should be cautious of telephone numbers outside your immediate area code and numbers with more than 10 digits.
- Promptly check your phone bill for long distance charges you don't recognize. If your bill contains an unauthorized call,

contact your local telephone company as well as your long distance carrier. The

telephone company may provide a credit or refund, but they are not required to do so. However, your notification will help the telephone companies identify telephone numbers which are the source of abuses. ■

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