



Beware of Recovery Scams: Don't Be Scammed Again

From the Office of Minnesota Attorney General Lori Swanson

Victor Lustig was the classic confidence man: he swindled wealthy early-twentieth century businessmen out of thousands of dollars in exchange for “money boxes” that purportedly produced \$100 bills and, in his most famous scam, purported to sell the Eiffel Tower to a French scrap metal dealer. Lustig also became well known for conning the infamous Al Capone—twice! Lustig told Capone he needed \$50,000 for a deal, so Capone gave him the cash. Two weeks later, Lustig came back to Capone to tell him the deal had fallen through and to return the money. Capone was impressed with Lustig’s honesty and handed him \$1,000, which was all that the trickster wanted in the first place.

Scam artists like Lustig know that determining what is “too good to be true” can be difficult. Victims of scams are often approached a second time by fraudsters who claim to be able to get their money back. These “recovery” scammers target people who have lost money to scams in the past, asking victims to pay upfront fees to recover the funds. The scammers often claim to be lawyers, government officials, or consumer advocates to gain the consumer’s trust. But victims who pay recovery scammers do not get the money they lost back, making a bad situation even worse.

Recovery scams can accompany almost any type of scam. Consider these situations:

Work-at-Home Scam

After “Trina” learned that she’d been the victim of a work-at-home scam, she was pleased to receive a call from a man who claimed to be from a consumer advocacy organization that worked with victims of work-at-home scams to get their money back. The man told Trina that she would recover almost twice what she initially lost. All she had to do to guarantee her refund was send a large upfront fee.

Trina became suspicious and checked the Internet. Sure enough, the organization was well known for duping scam victims into parting with even more of their hard-earned money.

Timeshare Resale Scam

“Lynn,” eager to sell her timeshare, was contacted by a company that offered to sell it for her. She paid the company several thousands of dollars in fees, which it promised to return when the timeshare was sold. Months went by, and the company had still not found a buyer. Lynn called every week to check on the progress of the sale, but eventually the company’s telephone line went dead. A few weeks later, Lynn received a call from an attorney who promised to get her money back from the company for a small retainer fee. After doing some background research, Lynn found out that the individual who claimed to be an attorney had stolen the identity of a legitimate attorney and was actually a fraudster trying to con her out of even more money. Lynn walked away, counting herself lucky that she was not victimized again.

High-Tech Computer Scam

“Sam” received a call from a woman who claimed to be a computer support technician and offered to help him speed up his computer, which seemed to be running slowly. Sam provided his credit card information to pay for the service, but soon realized the technician had done no work at all. Sam tried to call the technician back, but her telephone number was disconnected. A week later, Sam received another call from a man who asked if Sam was satisfied with the technician’s work. Sam said he was not and the man offered to deposit a refund directly into Sam’s checking account if he would provide his debit card information. Sam hung up before he lost any more money to the fraudsters.

Prize Promotion Scam

“Mary” received a letter congratulating her for winning an expensive fur coat. The letter instructed Mary to send a \$150 “shipping and handling” fee to receive her prize. Mary sent the money, and in return received a dyed fake fur coat worth less than \$50. After a few weeks, Mary received a call from the “Resolution Department” of the “U.S. Recovery Agency,” and was told that for a small upfront fee, she could get her money back. Suspicious, Mary hung up the phone.

Investor Recovery Scam

“James” lost thousands of dollars in a securities investment. Several months later, he received a call from a man who claimed to be associated with the “Regulatory Trade Commission.” The man claimed he could help James recover the money he lost on the investment. He also emailed James official looking documents describing a “regulatory guarantee,” assuring James that the money was waiting in an account and would be released if he paid the amount stated on the documents. James was wary, but the man encouraged James to research his name on an online broker database. James did some additional research, and found that the “Regulatory Trade Commission” did not exist, and the man had impersonated a registered securities professional. James was relieved he had not become the victim of a scam.

Tips to Avoid Being Victimized Again

- ✓ Don’t trust calls, emails, or letters from someone who claims to be able to recover money lost in a scam if you pay them a fee.
- ✓ Know that government agencies do not charge for their work.
- ✓ Never provide your bank account or credit card information to pay upfront fees.
- ✓ Research people or organizations that contact you.

Report Refund Recovery Scams

The Federal Trade Commission (FTC) has taken action against companies and individuals who perpetrate these types of scams. Report recovery scams to the FTC as follows:

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue Northwest
Washington, D.C. 20580
(877) 382-4357
TTY: (866) 653-4261
www.consumer.ftc.gov

The Financial Industry Regulatory Authority (FINRA) tracks scams carried out against investors. File a complaint with FINRA as follows:

Financial Industry Regulatory Authority
Investor Complaint Center
9509 Key West Avenue
Rockville, MD 20850-3329
(240) 386-4357
www.finra.org/investors/investor-complaintcenter