



Look Out for Fake Invoices Aimed at Businesses and Other Organizations

From the Office of Minnesota Attorney General Lori Swanson

Scam artists often aim fake invoices at businesses, churches and synagogues, non-profits, and other organizations, hoping to trick them into paying for products or services that they did not order, that have little or no value, or that are never delivered. Many of these “invoices” appear at first glance to be legitimate bills, and may include threatening or confusing legal jargon to create a false sense of urgency to pressure recipients to make quick payments. The products and services in fake invoices vary, but some of the more common include directory listings, printer toner, compliance services, signs, paper, and magazine subscriptions. Knowing what to look for can help businesses and other organizations from paying unnecessary fees. Below are a few examples:

Directory Listings

A church received a faxed invoice that claimed it owed \$500 for a “Yellow Pages” directory listing that it did not want, need, or order. In bold print, the invoice stated that the account would be sent to a debt collection agency if not paid in full. A small business received a mailing that asked it to provide updated information. When the business responded with its name and address, the scam artist claimed a contract had been formed requiring the business to pay \$1,200 for a one-year Internet directory listing. A nonprofit received a similar invoice after it had mistakenly cashed a check in which it agreed to a contract with the company. Although the check was only worth \$3.17, the scam artist considered the nonprofit’s act of cashing the check as agreeing to 12 months of directory service—a service which only reached a few people in the nonprofit’s area.

Compliance Services

Some organizations receive solicitations that appear to be official mailings from a government agency and imply the organizations are required to pay a fee to comply with annual meeting, minutes, or reporting requirements. The common denominator with these solicitations is that the organization is always instructed to pay for a service that is unnecessary or that the business could do on its own for free or for a fraction of the cost.

Membership Dues

Some businesses receive “invoices” for yearly dues from a phony business association in Washington, DC; however, the organization that sent the invoice was not affiliated with any legitimate local, regional, or national business organization.

Toner and Other Office Supplies

Businesses and nonprofits have received invoices for printer toner and other office supplies. One nonprofit received an invoice with merchandise for printer toner that was three times more expensive than what it pays through an existing vendor. Some companies simply accept delivery and make payment for goods that they believe are from an existing, reputable vendor.

Chemical and Cleaning Products

Businesses and government agencies have received invoices for expensive chemical products, such as cleaning supplies, de-icing agents, chemicals, and other similar nondurable items. These chemicals were either represented as a “free sample” by the company or were never ordered. Upon receipt of the chemical product, consumers would often receive an invoice for hundreds of dollars. When businesses have tried to send the product back, the shipment was refused by the sender.

Other Products and Services

Several variations of the fake invoice scams exist. In one scam, hospitals received invoices from a supposed heating and cooling company that purported to collect charges for labor and materials for emergency repair services done at the hospital. In reality, no work was ever performed by the company, and the invoice was completely bogus.

Your Legal Rights

Federal Law

Federal law prohibits any mailing which is “in the form of, and reasonably could be interpreted or construed as, a bill, invoice, or statement of account due” but is, in fact, “a solicitation for the order by the addressee of goods or services,” unless the mailing includes the following notice:

This is a solicitation for the order of goods or services, or both, and not a bill, invoice, or statement of account due. You are under no obligation to make any payments on account of this offer unless you accept this offer.

Federal law requires that this notice (or one like it) be printed on the face of the mailing in “conspicuous and legible type in contrast by typography, layout, or color with other printing on its face.”

Minnesota Law

Minnesota’s Consumer Fraud Act also has a specific provision addressing fake invoices. That statute prohibits any person from soliciting payment of money “by any statement or invoice, or any writing that could reasonably be interpreted as a statement or invoice,” for unordered merchandise, unordered services, or unperformed services.

A Word About Unordered Merchandise

If you receive merchandise that your organization did not order, you are not required to return it. Minnesota law states that unless otherwise agreed, when unsolicited goods are addressed and sent to a person, the person has the right to refuse to accept delivery of the goods and is not bound to return such goods to the sender. Under the law, receipt of unsolicited goods is deemed an unconditional gift to the recipient, who may use or dispose of the items as he or she sees fit. In addition, any invoice included with such merchandise is illegal unless the products were ordered by the customer.

Prevent Fake Invoice Fraud

The following guidelines will help you avoid fake invoice scams:

- ✓ Have certain people in charge of ordering supplies.
- ✓ Check all paperwork closely, watching especially for invoices and checks from unusual places. Determine whether the account number on the invoice matches the account number with your actual vendor. If the account numbers aren’t the same, the invoice could be bogus.
- ✓ Be wary of any solicitation that attempts to collect on products or services outside the normal scope of your business. Be skeptical of invoices that don’t have a telephone number to contact the vendor. Unscrupulous companies don’t often include such information because they don’t want to be contacted with questions or complaints.
- ✓ Confirm orders with the person who supposedly authorized the purchase.
- ✓ Don’t pay for goods or services until you know for certain that they were ordered and/or received.
- ✓ Contact the Minnesota Attorney General’s Office and your local Better Business Bureau if you receive a suspicious invoice, check, or other offer.

Reporting Fake Invoices

If your business or organization is targeted by a fake invoice scam, you may wish to contact the following:

United States Postal Inspection Service

Criminal Investigations Service Center
Attn: Mail Fraud
433 West Harrison Street, Room 3255
Chicago, IL 60699-3255
(877) 876-2455
www.postalinspectors.uspis.gov

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue NW
Washington, DC 20580
(877) 382-4357
TTY: (866) 653-4261
www.consumer.ftc.gov

Better Business Bureau of Minnesota and North Dakota

220 South River Ridge Circle
Burnsville, MN 55337
(651) 699-1111
www.bbb.org/minnesota

For more information, or to file a complaint, contact the Office of Minnesota Attorney General Lori Swanson as follows:

Office of Minnesota Attorney General

Lori Swanson

445 Minnesota Street, Suite 1400
St. Paul, MN 55101
(651) 296-3353 (Twin Cities Calling Area)
(800) 657-3787 (Outside the Twin Cities)
TTY: (651) 297-7206 or (800) 366-4812
www.ag.state.mn.us

