



Internet Fraud

The term "Internet fraud" refers generally to any type of fraud scheme that uses one or more components of the Internet - such as chat rooms, e-mail, message boards, or Web sites - to present fraudulent solicitations to prospective victims, to conduct fraudulent transactions, or to transmit the proceeds of fraud to financial institutions or to other connected with the scheme.

Internet Fraud takes on many forms, and will usually involve unlawful taking of money and/or property from an unsuspected victim over the internet using various means such as E-bay, Autotrader, Craig's List, Roommates.com, or other on-line classified or auction sites.

Avoiding Internet Auction Fraud

- Understand as much as possible about how the auction works, what your obligations are as a buyer, and what the seller's obligations are before you bid.
- Find out what actions the web site/company takes if a problem occurs and consider insuring the transaction and shipment.
- Learn as much as possible about the seller, especially if the only information you have is an e-mail address. If it is a business, check the Better Business Bureau where the seller/business is located.
- Examine the feedback on the seller.
- Determine what method of payment the seller is asking from the buyer and where he/she is asking to send payment.
- If a problem occurs with the auction transaction, it could be much more difficult if the seller is located outside the US because of the difference in laws.
- Ask the seller about when delivery can be expected and if there is a problem with the merchandise is it covered by a warranty or can you exchange it.
- Find out if shipping and delivery are included in the auction price or are additional costs so there are no unexpected costs.
- There should be no reason to give out your social security number or driver's license number to the seller.

Avoiding Non-Delivery of Merchandise

- Make sure you are purchasing merchandise from a reputable source.
- Do your homework on the individual or company to ensure that they are legitimate.
- Try to obtain a physical address rather than merely a post office box and a phone number, call the seller to see if the number is correct and working.

- Send them e-mail to see if they have an active e-mail address and be wary of sellers who use free e-mail services where a credit card wasn't required to open the account.
- Consider not purchasing from sellers who won't provide you with this type of information.
- Check with the Better Business Bureau from the seller's area.
- Check out other web sites regarding this person/company.
- Don't judge a person/company by their web site.
- Be cautious when responding to special offers (especially through unsolicited e-mail).
- Be cautious when dealing with individuals/companies from outside your own country.
- Inquire about returns and warranties.
- The safest way to purchase items via the Internet is by credit card because you can often dispute the charges if something is wrong.
- Make sure the transaction is secure when you electronically send your credit card numbers.
- Consider utilizing an escrow or alternate payment service.

Another form of Internet Fraud victimizing unsuspected victims is the **Nigerian Letter or "419" Fraud.**

Nigerian letter frauds combine the threat of impersonation fraud with a variation of an advance fee scheme in which a letter, mailed from Nigeria, offers the recipient the "opportunity" to share in a percentage of millions of dollars that the author, a self-proclaimed government official, is trying to transfer illegally out of Nigeria. The recipient is encouraged to send information to the author, such as blank letterhead stationery, bank name and account numbers and other identifying information using a facsimile number provided in the letter. Some of these letters have also been received via email through the internet. The scheme relies on convincing a willing victim, who has demonstrated a "propensity for theft" by responding to the invitation, to send money to the author of the letter in Nigeria in several installments of increasing amounts for a variety of reasons.

Payment of taxes, bribes to government officials, and legal fees are often described in great detail with the promise that all expenses will be reimbursed as soon as the funds are spirited out of Nigeria. In actuality, the millions of dollars do not exist and the victim eventually ends up with nothing but loss. Once the victim stops sending money, the perpetrators have been known to use the personal information and checks that they received to impersonate the victim, draining bank accounts and credit card balances until the victim's assets are taken in their entirety. While such an invitation impresses most law-abiding citizens as a laughable hoax, millions of dollars in losses are caused by these schemes annually. The Nigerian government is not sympathetic to victims of these schemes, since the victim actually conspires to remove funds from Nigeria in a manner that is contrary to Nigerian law. The schemes themselves violate section 419 of the Nigerian criminal code, hence the label "419 fraud."

Some Tips to Avoid Nigerian Letter or "419" Fraud:

If you receive a letter from Nigeria asking you to send personal or banking information, do not reply in any manner. Send the letter to the United States Secret Service, your local Federal Bureau of Investigations, or the U.S. Postal Inspection Service. If you know someone who is corresponding in one of these schemes, encourage that person to contact the FBI or the U.S. Secret Service as soon as possible. Be skeptical of individuals representing themselves as Nigerian or foreign government officials asking for your help in placing large sums of money in overseas bank accounts. **Do not believe the promise of large sums of money for your cooperation, and guard your account information carefully.**

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United States Secret Service
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2000 Main Street, Suite #804
Fort Myers, Florida 33901
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Advanced Pay Scheme

An advance fee scheme occurs when the victim pays money to someone in anticipation of receiving something of greater value, such as a loan, contract, investment, or gift, and then receives little or nothing in return.

The variety of advance fee schemes is limited only by the imagination of the con artists who offer them. They may involve the sale of products or services, the offering of investments, lottery winnings, "found money," or many other "opportunities." Clever con artists will offer to find financing arrangements for their clients who pay a "finder's fee" in advance. They require their clients to sign contracts in which they agree to pay the fee when they are introduced to the financing source. Victims often learn that they are ineligible for financing only after they have paid the "finder" according to the contract. Such agreements may be legal unless it can be shown that the "finder" never had the intention or the ability to provide financing for the victims.

Some Tips to Avoid the Advanced Fee Schemes:

- If the offer of an "opportunity" appears too good to be true, it probably is. Follow common business practice. For example, legitimate business is rarely conducted in cash on a street corner.
- Know who you are dealing with. If you have not heard of a person or company that you intend to do business with, learn more about them. Depending on the amount of

money that you intend to spend, you may want to visit the business location, check with the Better Business Bureau, or consult with your bank, an attorney, or the police.

- Make sure you fully understand any business agreement that you enter into. If the terms are complex, have them reviewed by a competent attorney.
- Be wary of businesses that operate out of post office boxes or mail drops and do not have a street address, or of dealing with persons who do not have a direct telephone line, who are never "in" when you call, but always return your call later.

To File an Internet Fraud complaint, visit the IC3 Website at www.ic3.gov. The Internet Fraud Complaint Center (IFCC) is a joint project of the Federal Bureau of Investigations and the National White Collar Crime Center. The IFCC's key functions for federal, state, and local law enforcement agencies will be (1) receiving online complaints, (2) analyzing them to identify particular schemes and general crime trends in Internet fraud, and (3) compiling and referring potential Internet fraud schemes to law enforcement.