



Highlights

- **Are Extended Warranties Worth The Money**

Experts agree, in purely economic terms, the answer is nearly always no.

- **New Debit/Credit Card Scam**

In this one the caller does not ask for a credit card number because they already have it.

- **Jury Duty Scams**

A new scam is underway, nationwide, to trick people into giving out their personal information.

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Are Extended Warranties Worth The Money?

The last time you purchased home electronics or major appliances, chances are the salesperson tried to talk you into buying an extended service warranty. But are they really worth the extra cost?

Experts agree, in purely economic terms, the answer is nearly always no.

In recent years extended warranties have become a big moneymaker for retailers, selling for well above their actual cost while profit margins on the products themselves are shrinking due to fierce competition and greater productivity. Warranties are particularly appealing to retailers because they require no inventory outlay nor have they any associated overhead costs. And once sold, the cost of repairing or replacing a product is nearly always borne by the service plan administrators and insurance companies, rather than the store operator, so as you can see, these profits are pure gravy for the store, with none of the headaches associated with merchandising.

And while most retailers encourage sales of warranties, with each year, most appliances and electronics have become more and more reliable, while prices on everything from TV's to DVD players have steeply declined. This sharply limits the odds that a consumer will need to repair or replace a product during the life of a warranty. And if there is a problem after a few years, many products can either be repaired for little more than the price of a warranty or replaced at a very low cost. So the experts agree as a general rule of thumb, extended warranties are not a good deal.



As with any rule, there are always exceptions. These would be the purchase of products that rely on newer, more expensive technology like flat-screen televisions. They often cost thousands of dollars, can be very expensive to repair, and since they do not have a long term track record, it is not as yet clear how reliable they are. Experts also suggest considering an extended warranty on treadmills and elliptical machines because they are particularly expensive to repair and on laptop computers, because many break easily. Even when considering extended warranties for such items, they should never be more than 20 percent of the item's purchase price.

Of course, retailers and the companies that back extended warranties know consumers are weighing the cost of the added protection against potential risk, so most savvy retailers try to price warranties seductively low so consumers, acting on the spur of the moment, perceive them as worthwhile and will therefore fall prey to the offer. The idea is not so much to convince consumers that they'll be saving lots of money, but more to offer a sense of protection. The perceived value is in the peace of mind that it gives you. So if it gives you a sense of comfort, it's not a bad thing, it's just a relatively expensive thing, and probably something you could do without.

Another New Debit/Credit Card Scam

In this one the caller does not ask for a credit card number because they already have it.

San Diego, CA. - It is getting very phreaky. Miscreants incessantly phishing and pharming on the phone and over the internet, looking for credit card numbers, personal identification numbers (PIN) and the three to seven digit security numbers off of the backs of cards. ICFE became aware of a new, clever, telephone approach where the caller asks a few questions, and tells the targeted consumer they are processing a credit of almost \$500 because one of their credit cards may have been improperly used. Wow, a \$500 credit will make most cardholders take notice and initially listen to the unknown caller.



This newly uncovered phishing scenario plays out this way: The individual calling says, "This is (gives a name), and I'm calling from the security and fraud department at VISA. My employee ID badge number is 3736214." Next comes an ominous warning. "Your VISA card has been flagged for an unusual purchase pattern, and I'm calling to verify some things. This would be on your VISA card which was issued by (the name of your bank)." The victim gradually lowers their guard because the caller knows the name of their credit card issuer. "Did you purchase an anti-virus software program with a personal firewall for \$497 from a sales and marketing company based in Georgia?" the caller asks.

In this scheme, the caller has already acquired the victim's credit card number(s), name, address, telephone number, and etc. They are calling because they need just one more thing to begin spending the remainder of an available credit line, and that is the security PIN on the back of the card, a seven digit number. The last three are the PIN and therefore the most important for a thief to possess.

When the target consumer responds "No", the caller will continue with, "Then we will be issuing a credit to your account. This Georgia based telephone boiler room outfit is a company we have been watching. The bogus charges range from \$297 to \$497, which just under the \$500 purchase pattern that flags

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Be Aware of Debt Elimination Scams and How they Work

San Diego, CA - Debt elimination scams have been advertised on web sites like BankHonesty.com, TerminateDebt.cc, and TAFinancial.net for years. The debt elimination scams that were found on these sites provided debt-plagued consumers with a number of bogus tactics they supposedly could take to get out of paying debts.

These schemes are proliferating on the Internet, and the organizers are charging borrowers substantial up-front fees and commissions based on the total amount of debt that can be forgiven.

The Federal Reserve Bank warns consumers of various illegal schemes that purport to eliminate outstanding debt through the use of specially prepared documents. The organizers of these schemes concoct specious legal documents based on the borrower's debt, which are then presented to the borrower's bank, mortgage company, finance company, or other lending institution in an attempt to satisfy the debt.

The purported legal documents used in the current scams include fake financial instruments that claim to eliminate the borrower's debt obligation. Regulators warn consumers to be advised that worthless instruments entitled 'Bond for Discharge of Debt', 'Bill of Exchange', 'Due Bill', 'Redemption Certificate,' or other similarly titled documents, regardless of how such instruments or documents are titled or whether they appear authentic, they are worthless, have no legal va-

lidity, and are not payable through the United States Treasury, the Secretary of the Treasury, the Comptroller of the Currency, or any other federal or state agency.

Debt elimination programs that claim Federal Reserve approval or acquiescence and the satisfaction of legitimate debts through the presentation of suspicious documents are totally BOGUS. The Federal Reserve does not approve and is in no way involved in any program aimed at eliminating anyone's debt obligations.

Borrowers who fall for these types of scams generally pay significant amounts of money without eliminating or reducing their overall indebtedness. Also, the cessation of legitimate loan payments increases the risk of a foreclosure or other legal action that could be taken against the borrower, and it could also negatively affect the borrower's credit rating and score.

Should you come across debt elimination scams on the Internet or elsewhere, please consider reporting the details to the FBI by calling the regional office listed in your phone book.

Paul Richard, RFC (Registered Financial Consultant)
Executive Director

[Institute of Consumer Financial Education \(ICFE\)](#)

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New "Jury Duty Scam"

Seeks Personal Information By Direct Phone Contact

San Diego, CA. (September 2005) - A new scam is underway, nationwide, to trick people into giving out their personal information. It is known among military and civilian law enforcement as the "Jury Duty Scam" which is being utilized by credit and identity thieves to deceive victims into revealing their personal information. According to a Criminal Information Bulletin from the 31st Military Police Detachment at Fort Campbell, KY., here is how the scam works:

1) The scammer calls a residence or office phone number of the victim and identifies themselves as an officer or employee of the local court or jurisdiction. The thief tells the victim that he or she has failed to report for jury duty and that a bench warrant for their arrest was issued against them.



2) The victim's reaction is one of shock and surprise and it places the victim at an immediate disadvantage, and much more susceptible to the scam. The potential victim will rightly deny knowledge of any such claim; that no such Jury Duty notice was ever received.

3) The scammer then shifts into "high gear" and reassures the victim of the possibility this is all "just a misunderstanding" or "some sort of clerical error" that can be straightened out on the phone. All the victim needs to do is "verify" some of their information by answering a few simple questions. Any sort of reluctance on the victim's part and the scammer threatens that failure to provide this information will

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What To Expect In The First 30-60 Days

The timeframe for completely setting up your account with the various creditors may take about two months or two billing cycles. While we are working closely with each creditor's consolidation process from the moment you sign on with TCCF, the development and acceptance of your personal proposals as well as the ironing out of details, interest rate reductions, the elimination of new penalties and fees all takes a bit of time. We need to make sure we dot every "i" and cross every "t" when it comes to handling the finances of each valued client.



Still, no matter how quickly we proceed on your behalf, each creditor has its own timing to set up an account and complete the process. Like all large organizations, some creditor institutions are quicker than others. And very often, in fact in *most* cases, the creditor's billing department is not aware that you have entered into a debt management and credit counseling program. They are not informed until the entire arrangement has been completed, and after timely payments are established they generally re-age the account, consolidate all amounts

into one final balance, adjust the interest rate and eliminate fees/penalties.

However, and this is important, for the first few months, a new participant in the debt management program might see late fees and possible penalties applied to the bills received. The billing department, completely unaware of your activities in an altogether different department of the financial institution simply (usually entirely through automation) notes a non-payment and adjusts the account accordingly – sending you a bill with no noted payment and a late fee.

This is par for the course, it happens to millions of new consolidation clients every year and it is no cause for alarm. Still, some people feel concerned when this happens, and we encourage you to call us if you get a bill with charges you don't understand. The fact is, for the first couple of cycles this will be the case unless you can afford to make both the minimum payments to your creditors and the new monthly payment your creditors are requiring for your debt management program. As this is not required, nor feasible for the overwhelming majority of our clients, rest assured that once our program kicks in, all the creditors will be on the same page so to speak, and all of the bills after that will reflect the new balances and you'll actually start to see your balances going down more appreciably, with no penalties, no fees and no "past due" notices!

Jury Duty Scam (Continued from page 3)

result in the immediate execution of the arrest warrant. The scammer obtains the names, Social Security Numbers, dates of birth and will also solicit credit card or bank account numbers claiming these will be used by their credit bureau to "verify" the victim's identity. Family members who receive these calls are especially vulnerable to coercion. Threats against the victim's career, should he or she be arrested and now have a criminal record, are frightening and persuasive.

4) Individual consumers, whether employed or not, and their adult family members must be made aware of this threat to their personal information, credit and identities. Legitimate court employees would NEVER call to solicit personal information and would send any official notifications by standard mail delivery.

Any person receiving such calls should record the scammer's phone number (if called ID is available) and immediately report the contact to local law enforcement authorities or the military police.

REFER-A-FRIEND
REFER-A-FRIEND

If you know someone that needs our Debt Consolidation and Credit Counseling services, just fill out the form below and mail it to

4831 NW 31ST AVE, SUITE 118, FORT LAUDERDALE, FL 33309

Name _____
Address _____
City _____
State _____ Zip _____
Primary Phone No. _____
Secondary Phone No. _____
Email _____

Referred By: _____
Address _____
City _____
State _____ Zip _____

Additional coupons available upon request

Credit Card Scam (Continued from page 2)

most cards," the caller authoritatively explains. "Before your next statement, the credit will be sent to (then gives the card holder their address), is that correct?"

The cardholder says "yes". The caller continues - "I will be starting an internal fraud investigation. If you have any questions, you should call the 1-800 number listed on the back of your card (1-800-VISA) and ask for the security department. You will need to refer to this control number." The caller then gives the victim a six digit number. "Do you need me to you read it again?" the caller politely inquires.

The main event, when the consumer gets phished, is next. The caller then says, "I need to verify you are in possession of your card". He or she will ask the cardholder to "Turn the card over and look for some numbers. There are seven numbers; the first four are part of the card number, the next three are the security numbers' that verify you are the possessor of the card," the caller calmly explains. "These are the numbers you may sometimes use to make Internet purchases to prove you have the card in your possession." Then the caller will ask the victim to read the three numbers back to them.

After the cardholder tells the caller the three numbers, the caller will say, "That is correct, I just needed to verify that the card has not been lost or stolen, and that you still have your card in your possession. Do you have any questions?" After the cardholder responds, the caller then thanks them and states, "Don't hesitate to call back if you do," and disconnects.

The victim cardholder actually says very little, and is never asked to tell the caller their debit or credit card number. The cardholder usually feels secure this was a legitimate call and rarely calls back. Those intuitive cardholders who do call the bona fide VISA Security Department are told the call was

bogus and just another scam. More upsetting however, during that call the cardholder is often told a new purchase of \$497 was recently charged to their card.

If you are on the receiving end of such a call, do not give out ANY security numbers. Make verifiable fraud report to the issuer involved and immediately close the account(s) in question. VISA or MasterCard will reissue a new number. What the crooks really want is the three-digit Security PIN number on the back of the card. Don't give it to anyone who calls you. Instead, tell the caller(s) you will call VISA or MasterCard directly for verification of their conversation. VISA and MasterCard security departments tell the ICFE they would never ask for anything on the card as they already know the information because they issued the card! This writer recently received a call from the security department at my bank about a number of transactions made within a two hour span, which is unusual for me. They asked me to about usage to verify they were legitimate, but never asked me for any sort of ID PIN numbers on the backs of the card.

When the scammers on the phone get a three Digit PIN Number, the victim cardholder may think they're going to be receiving a credit. However, by the time they get their statement they'll see charges for purchases they didn't make, and by then it may be too late and, perhaps, much more difficult to actually file a fraud report and undo the bogus purchases. Should you receive a call like this, hang up immediately.

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