

UNITED STATES POSTAL INSPECTION SERVICE

For further information call:

www.usps.com/postalinspectors

Postal Inspector Fred Van de Putte

(703) 292-3846

Postal Inspector Michele Culp

(202) 268-7730

FOR IMMEDIATE RELEASE

October 5, 2004

Postal Inspectors Target Scammers Who ‘Dial for Dollars’

Washington, DC – United States Postal Inspectors unleashed a two-pronged attack on fraudulent telemarketers, particularly those who target older Americans. The nation’s Chief Postal Inspector Lee Heath announced the results of a law enforcement clampdown on scammers, “Operation Roaming Charge,” and the unveiling of a new consumer protection campaign, “Dialing for Dollars.”

“Every year, thousands of consumers lose from a few dollars to their life savings to various types of swindlers,” said Heath. And these scams show no signs of slowing down. U.S. Postal Inspectors responded to 80,000 mail fraud complaints in 2003. This year, they have already responded to 78,000.

But Heath said that these two efforts will start to stem that trend: “Swindlers who use the telephone, computer, and the mail to defraud America’s consumers are getting their own wake-up call.” Joining with the Department of Justice, FBI, FTC, State Attorneys General, and Canadian authorities, Postal Inspectors contributed to the multi-agency round-up of fraudsters with 75 investigations, of which 43 were domestic and 32 were part of a cross-border initiative with Canadian authorities. U.S. Postal Inspection Service investigations resulted in 64 arrests and 64 convictions, resulting in sentences ranging from 5 months to 12 ½ years. Nearly one million victims suffered losses exceeding \$650 million.

- In a Florida case, 10,000 older Americans lost more than \$700,000 to a telemarketing scheme that solicited contributions to benefit law enforcement agencies, firefighters, and veterans’ organizations. The organizations never received any of the “benefits.” The operators will be spending the next 10 years behind bars, thanks to the efforts of Postal Inspectors.
- A gold and silver coin scam operating out of Minnesota defrauded 100 investors out of \$550,000. The operators have been indicted and their bank accounts frozen. Postal Inspectors determined that the president of the company incorporated under a second business name and allegedly defrauded victims of another \$100,000.

- A business-to-business telemarketing fraud scheme in New Jersey, involving kickbacks and bribes, resulted in a 30-month prison sentence for the operator. Postal Inspectors discovered that the operator sold packets of plastic gloves, valued at 33 cents, to hospitals through the country and billed the hospitals \$80 for each packet.
- A cross-border investigation by Canadian law enforcement authorities and Postal Inspectors of an advance-fee scheme came to a successful conclusion when the operator was arrested crossing the border at Niagara Falls. The operator, a Canadian national, offered loans to over 500 victims in the United States. Not one loan was provided to victims, who suffered losses in excess of \$1 million. The operator was convicted in Pennsylvania and sentenced to 10 years in prison.

But arresting the con artists is not enough. American consumers lose more than \$40 billion a year to telemarketing fraud, according to the National Consumers League. And they usually don't get their money back, even when the criminals are brought to justice. Investment frauds, or "get rich quick" schemes, are a favorite of fraudsters who target older Americans—people over 50 years of age who want to secure their financial futures. "Making consumers aware of these scams and providing them with tips to prevent them from becoming victims are the second part of our "one-two punch" of enforcing the law and preventing crime," said Chief Inspector Heath.

"Although we made 1,453 arrests for mail fraud last year and shut down 37 illegal telemarketing operations, our most effective weapon in preventing consumers from becoming victims is education. That's why we created the new "Dialing for Dollars" consumer protection campaign," said Heath. Partnering with the Department of Justice, the Federal Trade Commission, and the non-profit advocacy group Call for Action, the "Dialing for Dollars" campaign features an extensive awareness campaign that includes ads in newspapers and magazines, such as Reader's Digest, the AARP magazine, and the premiere reissue of Life magazine. The ads warn of the dangers of telemarketing fraud and provide protection tips for consumers.

Also featured in the campaign:

- A new DVD on telemarketing fraud, available for free by calling 1-877-987-3728, or by visiting www.usps.com/postalinspectors.
- Media and consumer-awareness events with Call for Action affiliates and congressional members.
- A video news release featuring a victim and telemarketing operator.

Working in conjunction with the campaign, the Senate Special Committee on Aging sponsored a resolution designating October as "Protecting Older Americans from Fraud

Month.” Committee Chairman Senator Larry Craig said the first line of defense against all types of fraud is to promote public awareness of the dangers of such crimes, the types of schemes in which criminals are likely to engage, and what consumers can do to report suspected fraud. “This campaign is a perfect example of the kinds of things we need to be doing to help older Americans protect themselves from this type of fraud,” said Senator Craig.

Although most telemarketers are legitimate, Postal Inspectors advise consumers to be wary if they receive a pitch by phone, computer, or through the mail that promises you’ll get rich quick, receive high returns with a low risk, or urges you to invest now. Chief Inspector Heath offers this advice: “Watch out! Get rich quick schemes can cost you plenty. Be skeptical of any offer that makes these promises.”

Postal Inspectors offer these tips to protect you:

- Take your time in making a decision—don’t rush into accepting these “high profit, low risk” offers.
- Get all information in writing before you consider investing.
- Check out the firm by calling the Better Business Bureau, state Attorney General, or consumer protection agency.
- Put your number on the National Do Not Call registry at 1-888-382-1222 or at www.donotcall.gov

“We’re hoping to prevent consumers from becoming victims and send a message to fraudsters that “crime doesn’t pay,” said Heath.