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THREE SCAMS TO AVOID IN TOUGH TIMES

BRENTWOOD, Tenn. – Many people have lost their jobs in the last few months as the economy has turned sour. Scam artists are still fully employed, however, in good times and bad. In fact, the Tennessee Society of CPAs warns that the threat of being defrauded by a con artist probably rises during a recession, as money becomes tight and thieves work overtime to get their hands on yours. CPAs caution against these scams - and offer advice on how to avoid becoming a victim.

SCAM #1: WE CAN REPAIR YOUR CREDIT!

During a recession, a lot of people fall behind on their payments for credit cards and other debt. If you miss enough payments, it can harm your credit rating, which will mean you face higher interest rates or may fail to qualify for a new loan. You may also find yourself sued for payment or harassed by debt collectors.

Con artists take advantage of this situation by creating fake companies that offer to “clean up” your credit. This can be confusing, because there are legitimate, accredited credit counseling agencies that do advise people on how to improve their debt situation. The real agencies might, for example, help you create a more manageable payment plan for your debt. No one can quickly “erase” information from your credit record, however, or repair it immediately, so be wary of offers to do so. And remember that if there are mistakes on your report, you can resolve this problem yourself by contacting the three national credit bureaus. You should also be suspicious when a company demands a large up-front payment. For more information, the National

Foundation for Credit Counseling site, www.nfcc.org, contains debt advice and a list of ethical credit counseling agencies.

SCAM #2: WE'RE YOUR NEW BANK!

Due to troubles in the banking industry, many financial institutions have been taken over by an entirely different organization. You may find that the institution you've banked with for years may suddenly have a new name. Not surprisingly, con artists have figured out a way to take advantage of this situation, according to the Federal Trade Commission. Scammers send e-mails to consumers pretending to be an organization that has just bought your bank or even your mortgage. The e-mails demand that you verify or confirm your personal financial information, such as your account or credit card numbers, Social Security number, account passwords or other confidential information that they will then use to access your accounts or steal your identity. The FTC warns that you should never respond to these "phishing" e-mails. Don't click on the links in the e-mail, open any attachments or call any phone numbers listed in it. Instead, it's best to contact your bank or lender directly; using the phone number listed on your bank or mortgage statements, and ask if they truly require information from you.

SCAM #3: YOU CAN WORK FROM HOME!

Many people make a living working in their homes, but there are also scam companies that claim you can make thousands of dollars immediately by doing so. Once again, the dead giveaway is the large up-front payments that many of these scammers demand, usually for materials or equipment that you supposedly will need to do the work. As in all of these cases, if it seems too good to be true, it almost certainly is.

About Money Management

Money Management is a weekly column on personal finance prepared and distributed by the Tennessee Society of Certified Public Accountants (TSCPA) as a part of its financial literacy initiative.

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