



A Program with the
Colorado Attorney General
and the AARP Foundation



Colorado Attorney General
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Advance-Fee Loan Scams: 'Easy' Cash Offers Teach Hard Lessons

AARP ElderWatch recognizes the stress of financial strain. If you're looking for a loan or credit card but don't think you'll qualify, or have been turned down by a bank because of your poor credit history, you may be tempted by ads and websites that guarantee loans or credit cards, regardless of your credit history. The catch comes when you apply for the loan or credit card only to find out you have to pay a fee in advance. According to the Federal Trade Commission (FTC), that could be a tip-off to a rip-off. If you're asked to pay a fee for the promise of a loan or credit card, you can count on the fact that you're dealing with a scam artist. More than likely, you'll get an application, or a stored value or debit card, instead of the loan or credit card.

The FTC warns to watch for these signs of an Advance-Fee Loan Scam:

- 1. A lender who isn't interested in your credit history -**
Anyone not interested in your credit record should give you cause for concern. Ads that say, "Bad credit? No problem", or, "We don't care about your past. You deserve a loan", or, "Get money fast", or even "No hassle - guaranteed" often indicate a scam. Banks and other legitimate lenders generally evaluate creditworthiness and confirm the information in an application before they guarantee firm offers of credit - even to creditworthy consumers.
- 2. Fees that are not disclosed clearly or prominently -**
Scam lenders may say you've been approved for a loan, then call or email demanding a fee before you can get the money. Any up-front fee that the lender wants to collect before granting the loan is a cue to walk away, especially if you're told it's for "insurance," "processing," or just "paperwork".
- 3. A loan that is offered by phone -**
It is illegal for companies doing business in the U.S. to promise you a loan by phone and ask you to pay for it before they deliver.
- 4. A lender who uses a copy-cat or wanna-be name -**
Crooks give their companies names that sound like well-known or respected organizations and create websites that look slick. Always get a company's phone number from the phone book or directory assistance. Get a physical address, too. A company that advertises a PO Box as its address is one to check out with the appropriate authorities.
- 5. A lender who is not registered in your state -**
Lenders and loan brokers are required to register in the states where they do business. To check registration, call your state Attorney General's office or your state's Department of Banking or Financial Regulation.

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