

Utah leads the nation in scam and fraud complaint rates

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The statistics are startling: About 35,000 bogus checks are presented to state banks and credit unions every month, and about half of those are deposited by Utahns who then fall victim to some sort of scam.

The average loss for Utahns who fall victim to sweepstakes, inheritance, employment, Internet sales or dating or any number of other scams is about \$6,000, according to a task force of banks and credit unions. Multiplied by the number of Utahns falling victim, that means millions of dollars a month and even billions in a year are flowing into illegitimate pockets.

"It's a phenomenal problem," said Karen Nelson of Wells Fargo Bank, a member of a task force alarmed by the tide of scams rolling over the state and the number of residents falling victim.

In fact, Utah ranks No. 1 among states in reporting consumer-fraud complaints to the Federal Trade Commission.

Lynda Worden of Ogden met a man on an LDS dating site on the Internet.

"Apparently he was supposed to be LDS and all this," she said.

The man said he was in the textile business and asked her to take over his business while he was in Spain on a buying trip. He sent a check for \$43,000, and Worden started an account using some of her own money and began sending out checks as the man directed.

Soon, however, she found out he was part of a Nigerian fraud operation and it was her money, not his, going to nonexistent clients. For Worden, the bottom line was \$6,200 lost.

"You sure learn things the hard way with the heart," said Worden.

Fueling this surge is the sophisticated forgery of checks of all kinds.

At a news conference Wednesday by the Financial Fraud Task Force, composed of 17 banks and credit unions, Jo Gove of Mountain American Credit Union displayed hundreds of checks, all bogus. Many are sophisticated knockoffs of cashier's checks, American Express and Visa travelers checks, MoneyGrams and postal orders.

Those were just the ones her credit union has received in the past few months. Many are so good they can't be distinguished from the real thing.

"There is no such thing as a safe check anymore," she said.

Kelly Winfield of Ogden received a notice in the mail that she had won a lottery. She had played games and entered contests on the Internet, so she thought she finally had gotten lucky. In the notification was a large check that she was told to deposit and then send the lottery money to cover expenses such as attorneys' fees.

By the time she learned the check was no good and she hadn't won anything, Winfield was out \$3,000.

"It's stressful thinking about how I'm going to pay it back and looking for a second job," Winfield said.

The fraud artists take advantage not just of people's gullibility but the weeks or months between the time a check is deposited and when it comes back as a forgery.

Typically, a check will be sent to a Utahn who then deposits it in a personal account. The participant is asked to send back some money for fees of some type, a deposit or any number of other reasons.

The victim sends back money from their account, only to learn that the original check was no good and he or she is out the money sent back.

"Checks can take anywhere from a week to three to six months to clear," said Jeanine Bader of Deseret First Credit Union. "I've even seen up to a year for the items to clear and come back."

The scammers have, she said, "gotten smarter than the system, unfortunately."

"Sometimes you think good things happen to good people," said Joyce Zumwalt of Erda.

She had been out of a job for about a year when a check for about \$2,800 arrived in the mail from AAA, a reward for her 35 years of membership and a refund on insurance premiums. Everything looked right: the logo on the letter, the insignia on the check, the return address and the telephone numbers she called to verify the refund.

"I had been in the financial sector for 25 years as an accounts-received manager," Zumwalt said. "I thought I knew what I was doing."

Zumwalt deposited the check. She considers herself lucky that she had been unable to get hold of someone for further instructions, which likely would have meant being asked to send some of the money back. The check came back bogus. By that time, she had bounced a number of checks, and had to make up the overdrafts and fees. Now she worries that her credit rating has been trashed.

"It turned into a nightmare," she said.

"If you bank, if you have a checking account, if you work on the Internet, if you are a senior citizen, you are a target," said Kevin Olsen, director of the Division of Consumer Protection.

He warned that most of the money goes out of the country, often through untraceable wire transfers.

"There's not a whole bunch we can do to get the money back," said Olsen.

Postal Inspector Bob Maes displayed a basket full of mail that an elderly woman had received in the past year for sweepstakes, investments, lotteries and other pitches. The unnamed woman had lost \$100,000 to scams coming in the mail and over the telephone, he said.

"We see people of every economic level who are falling victims to this," Maes said.

Complaints by state

Based on the number of people who contacted the FTC to report a fraud.

State Complaints per 100,00 population Complaints

1. Utah 178.9 4,563
2. Nevada 169.2 4,222
3. Washington 163.4 10,451
4. Colorado 161.1 7,657
5. Alaska 161.0 1,079
6. Virginia 157.5 12,039
7. Hawaii 157.1 2,020
8. Maryland 154.1 8,653
9. Oregon 150.9 5,583
10. Arizona 149.6 9,222

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*Questions about fraudulent checks? Go to <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre40.shtm>

The five basic scams in Utah

The common characteristic of these scams is that you are asked to send money to someone. If an offer of any type asks you to send money to receive an award or whatever reason, it's most likely a scam.

*** 1. Lottery/sweepstakes**

A large check and a letter notify the recipient he or she has won a lottery or sweepstakes. The winner is directed to deposit the check and then send some money for fees or taxes to complete the transfer. The check turns out to be bogus and the victim is out the money sent for fees or taxes or both.

*** 2. Investment/inheritance**

You are notified you're the recipient of a large amount of money from the will of a distant relative and are asked to pay fees or taxes, an amount you end up losing.

*** 3. Employment**

You are given a job in which you are to accept checks into a personal account and then direct the money somewhere. When the checks turn out fraudulent, you end up making up the money sent out from the account.

*** 4. Internet sales and auction**

Items the victim puts up for sale receive quick response, a check arrives for more than the amount asked with instructions to send the excess to a prearranged shipper. You're out the money sent to the shipper when the check comes back as a fraud.

*** 5. Internet friendship and dating**

Trust is built up in chat rooms and via e-mail. You are asked to cash checks and wire funds to different locations. The cashed checks are no good and you end up paying for what you wired.

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