

COMPANIES BENEFIT FROM NEW CELL PHONE FEES

The Federal Communications Commission (FCC) now requires cell phone companies to allow their customers to switch wireless service but keep their existing phone numbers. Some cell phone companies are recouping their losses with new fees. Four national companies have already imposed 'number portability' fees, permitted by the federal government. While the fees, at about one dollar per month, are not large, they amount to millions of dollars for the service providers.

Although almost all of the companies provide number portability through the same software company, and cell phone companies catering to similar markets and providing similar services should not have dissimilar costs, the companies' claimed costs for implementing number portability vary greatly. *Sprint PCS* claims to have spent "hundreds of millions of dollars," several times as much as *Verizon* and *Cingular* estimate, and *Nextel Communications* has claimed about double as much as *Verizon* and *Cingular*. *Verizon* was the only company to disagree with the cell phone industry's opposition of number portability.

Sprint charges its 17.9 million customers an additional 40 cents per month, which would net them \$86 million per year at current customer levels. *Nextel* charges an extra \$1.55 number portability fee; *AT&T Wireless* has been charging a monthly fee of \$1.75; *Cingular* charges \$1.25; *Verizon* is charging 45 cents per month.

While the fees are required only to be "just and reasonable," they are not capped, and the FCC is not requiring wireless companies to report their expenses. For additional information, contact the FCC's Consumer Center toll-free at:

1-888-CALL-FCC
(1-888-225-5322) voice,

1-888-TELL-FCC
(1-888-835-5322) TTY,

or visit their Website at

www.fcc.gov/cgb/NumberPortability.

Source: New fee proves corporate bonanza, *Oakland Tribune*, August 14, 2003



DON'T FRET IF YOU CAN'T FIND YOUR CELL PHONE

If you lose your cell phone, there are three simple steps to recovery:

Contact your carrier at once As soon as you notify your carrier, they will suspend your account to prevent anyone from making unauthorized calls on your phone. Most companies do not offer a grace period to report the loss. However, if strange calls show up on your account after you lose your phone but before you report the loss, the carrier can decide whether or not to charge you. If you are a loyal customer and pay your account regularly on time, try asking the company to remove the extra charges from your bill.

When your account is suspended, depending on which carrier you use, you will have from 30 days to as long as you need to search for the phone, so that you can have your service restored if you find it. You will still have to pay your usual monthly rate during this period, but you should not have to pay a suspension or reactivation fee. T-Mobile, however, charges \$10 per month for suspended accounts.

Figure out your best replacement option You may be able to reactivate an old phone and place it on your current plan, provided you have used the old phone with your current carrier. Most carriers will not charge a fee for this, although Sprint charges \$34.99 for reactivation if

customers are not enrolled in their Equipment Replacement Program. AT&T Wireless provides customers with refurbished phones for about \$25.

If you prefer to upgrade to a new model, you'll probably have to pay the full price. Be careful about accepting rebates, because you may have to sign a new service contract that may not offer some of your favorite features. Read the fine print in the new contract before accepting it.

Prepare better for future phone losses In case an honest person finds your phone, place your home phone number in your cell phone. The directory can still be accessed after the service is suspended. If a dishonest person tries to activate your phone, the carrier will refuse service if you have suspended your account.

Do not store any passwords in your phone. A dishonest person who finds your bank phone number with your PIN code will have direct access to your accounts.

Avoid buying high-cost phone-replacement insurance plans from your carrier. For the price of the premiums, you may be able to buy a new phone. Also avoid phones that allow you to lock or password-protect your keypad, because you'll have to disable the protection every time you wish to phone. However, some Sanyo phones allow you to lock the phone remotely, in case you lose your cell phone.

Source: All Is Not Lost, SmartMoney, April 2003



DODGE THE DUPERS

The Federal Deposit Insurance Corporation (FDIC) has tips for consumers on how to recognize and avoid common financial scams:

• Check Fraud

How it works: Scammers steal or find your checkbook or find out your bank account number and make counterfeit checks. Usually the scammer has some phony identification to match the name on the checks. You may discover the scam only when you find out that your account is overdrawn or when someone who receives a counterfeit check wants you to pay the amount on the check.

How to avoid it: Keep your blank checks in a secure place and your checkbook out of sight. Carry, and keep on your person, only as many checks as you expect to need. Never have your Social Security number or driver's license number preprinted on your checks. Check your bank statement as soon as you receive it for unauthorized transactions, so that the bank does not hold you responsible for any losses due to fraud.

If a stranger wants to pay you by check for a large purchase, insist on a cashier's check drawn on a local bank, so that you can check its validity.

• Advance-Fee Scams

How they work: Scammers send you an unsolicited offer for a product, service, loan, credit card, vacation, or business opportunity that is very attractive, but requires you to send in advance money to cover "fees," "taxes," "shipping and handling," or other "costs," or asks you for your bank account number. Of course, the goods or services do not arrive or are deficient.

Examples of advance-fee scams include offers to provide credit or credit repair to people who have a poor credit history and vacation clubs that demand a "membership fee" but provide little in return. In addition there is the "Nigerian scam" and variations of it, in which you receive unsolicited email or a letter from someone who claims to be a foreign government official or businessman and who offers you millions of dollars or a business opportunity in return for your paying certain up-front expenses or allowing your U.S. bank account to be used temporarily. If you provide your bank account number, the scammers will withdraw all your money.

How to avoid them: Ignore offers that appear too good to be true. Do not reply to unsolicited correspondence that requires your bank account information.

If you receive email that appears to be of the Nigerian scam type, you may forward a copy of it to 419.fcd@ussf.treas.gov, the email address of the U.S. Secret Service, which is the U.S. government agency that investigates this type of fraud. If you have already fallen victim to a Nigerian-type scam, report it to your local field office of the Secret Service, listed in the blue Government pages of your telephone book.

• Credit/Debit/ATM Card Fraud

How it works: The scammer uses your card or steals a pre-approved card application from your mailbox, applies for a new card in your name, and has the card sent to a different address. Some scammers make counterfeit credit cards in your name. To do this they obtain your card for a few minutes at a retail establishment, such as a store or restaurant, and swipe it through an electronic "skimmer" that captures important account information from the card's magnetic strip.

Scammers can also steal or counterfeit your ATM cards. They can obtain your Personal Identification number (PIN) by watching, perhaps with a camcorder or binoculars, as you use your card at an ATM. Sometimes scammers attach keystroke recording devices to ATMs or

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checkout registers at gas stations or convenience stores, where customers are often too busy to notice suspicious activity. Other scammers may email or phone you and try to lure you into divulging your PIN.

How to avoid it: Check your bank and credit card statements for suspicious activity. Your liability limit for fraudulent credit, but not debit or ATM card, transactions is \$50. Report unauthorized debit and ATM transactions as soon as possible, in order to limit your potential liability according to the federal Electronic Transfer Act.

Try to protect incoming and outgoing mail, because scammers steal credit card offers, bank statements, and other useful papers from mailboxes. If you lose your credit, debit, or ATM card, or if it is stolen or becomes stuck in a machine, contact your financial institution immediately.

Never divulge your credit or debit card numbers or your PIN to unsolicited callers or emailers. Memorize your PIN, instead of writing it down.

Don't allow anyone to help you with an ATM transaction. Keep to ATMs in well-lit areas where there are no loiterers. Avoid machines that appear to have been rigged in any way. If a sign instructs you to use a particular

machine, that ATM may have a keystroke recording device attached.

At retail businesses, keep an eye on your card at all times. Employees who swipe your card more than once may be using a skimmer to record information from your account. Report suspicious actions to the manager or to the fraud department of your card issuer. Never leave your credit card receipts for people to find.

• Internet Fraud

How it works: Scammers often set up phony Websites offering attractive goods, services, deposits, or investments, to gain access to credit card information, bank account numbers, passwords, or checks. There are even fake banks that make fraudulent statements suggesting that they offer FDIC-insured accounts.

Some crooks create Websites with names or URLs and appearances that very closely resemble well-known, legitimate businesses. Other criminals will send you email, purporting to be from your Internet service provider or a company with whom you do business, asking you to re-enter or confirm your Social Security number, credit or debit card number, or your PIN.

How to avoid it: Never respond to unsolicited email requesting your account information or Social Security number.

Before responding to email purportedly from a company with whom you have already dealt, check the address independently from recent account statements. Avoid offers that appear too good to be true.

Do not provide your credit or debit card number to a Website unless you have checked the Web address or URL with another dependable source; check for small discrepancies in the address. Avoid unprofessional Websites that do not provide the company's mailing address and telephone number or that have extraordinarily long names and may have been set up by scammers as temporary sites. Also ensure that the Website is secure and encrypts your card number.

You can check on the legitimacy of a company through your state's Attorney General's office, the consumer affairs department, or the Better Business Bureau at www.bbb.org. You can obtain the FDIC brochure on *Tips for Safe Banking over the Internet*, at www.fdic.gov/bank/individual/online/safe.html or the FDIC's Public Information Center.

Source: Common Cons... and How to Avoid Them, *FDCI Consumer News*, Spring 2003

ABOUT THE **DO NOT CALL REGISTRY**

From October 1, 2003, the Federal Trade Commission (FTC) and Federal Communications Commission (FCC) began enforcing the rules requiring telemarketers to remove from their phone lists those numbers on the *National Do Not Call Registry*.

You can register all your telephone numbers free of charge, either online or by telephone, but business phones are not eligible. Online, visit www.donotcall.gov and register up to three phone numbers at a time. To register a telephone number, call toll-free, 1-888-382-1222, but make a separate call for each number you wish to register, including your cell phone. People with hearing difficulties should use the TTY number, 1-866-290-4236.

Here are some tips about the registry:

Not all solicitation is covered

Nonprofit organizations, charities, and political organizations need not use the *Do Not Call* list. However, if you request that they not call you again, they are required to respect your wishes.

Beware of scammers who offer to register your number for you

Remember that registration is free and does not require much personal information from you. The only information you provide when you register is your phone

number and, if you register online, your email address. Some scammers may try to make you pay for registration, while others may try to pry personal information from you, in order to commit identity theft.

Under certain circumstances, telemarketers may still call you

If, in the past, you have had a business relationship with a company—for example, made a purchase, received a delivery, made a payment in the last 18 months, inquired about a product or service, or submitted an application for something—they may still call you. Similarly, if you have personal relationships with a company they may still call you. You may ask these companies to stop calling you, and you may grant written permission for certain companies to call you, even if your number is on the *Do Not*

Call list. When you sign contracts, competition entry forms, and other forms, check the small print to ensure that you are not unintentionally allowing a company to call you.

You can obtain more consumer information. The FTC has a Website at www.ftc.gov/bcp/conline/edcams/donotcall/index.html, which has more information on the *Do Not Call Registry*, registration, and the Telemarketing Sales Rule (TSR) Amendments, as well as information to help businesses comply with the TSR Amendments. The FTC has also released a consumer education publication, *Fraud on the Line: Avoiding "Do Not Call" Scams*.

Source: New Ways to Stop Unwanted Sales Calls, NCL Bulletin, September/October 2003



ONLINE AUCTION WINNERS LAND UP WITH STOLEN GOODS

Online eBay auction winners have always had to worry about whether the sellers are honest and will deliver the goods they promise. Now it appears that some buyers may need to be more concerned when they do receive their merchandise.

Shady sellers have a new scheme to trap unsuspecting buyers. They offer new goods, such as tools, electronics, and appliances, at very reasonable prices, often half of the retail price. The buyer pays with a money order or an electronic funds transfer, and soon receives the goods, as promised. However, often the products arrive in Amazon.com boxes, and it may not be long before a U.S. Postal Inspector begins questioning the unwary buyer.

These scheming sellers buy the products they advertise from companies such as Amazon.com or small, specialty businesses, using stolen credit cards. They have the merchandise shipped to the eBay buyers as gifts, so that the buyers receive no billing information. In effect, the trusting buyers are receiving stolen property.

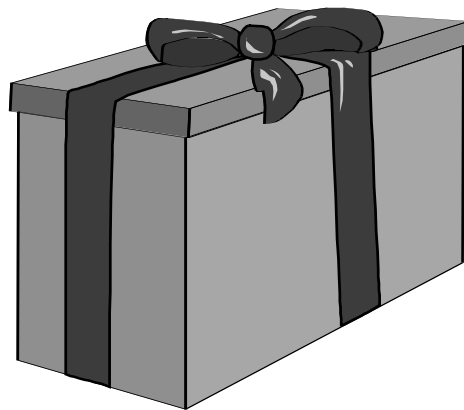
There are some warning signs that an eBay auction might not be genuine:

- If the offer on a new product seems too good to be true, it probably is.
- The description and images of the products offered by these scammers are lifted straight from Amazon.com's Website.
- The offers are invariably one-day auctions, to allow the crooks to order the products before the stolen credit card account is closed.
- The seller insists on payment by money order or electronic funds transfer.
- In the schemes that are proliferating at the moment, the eBay auction always includes the text, "Please allow 5 BUSINESS DAYS for shipping after receipt of payment," and shipping costs are always \$10.

To avoid becoming victims of these auction schemes, consumers should ask eBay sellers to provide serial numbers for the products they offer, before they conclude the

transaction. Also, small businesses should check online auction sites and use search engines to check if thieves are using their product descriptions to offer stolen goods.

Source: Consumers caught in credit card scam 'triangle': Innocent auction winners unwittingly 'steal' merchandise, Bob Sullivan, MSNBC News, June 8, 2004



FINANCIAL LITERACY AND EDUCATION COMMISSION

On January 29, 2004, the Financial Literacy and Education Commission held its inaugural meeting, at which it discussed establishing subcommittees to fulfill some of its duties. The Commission was established under Title V, the Financial Literacy and Education Improvement Act, which was part of the Fair and Accurate Credit Transactions (FACT) Act, signed into law by President Bush on December 4, 2003.

The main duties of the Commission are to:

1. encourage the government and private sector to promote financial literacy
2. coordinate the federal government's financial education efforts, including identifying and promoting best practices
3. develop a national strategy to educate and encourage financial literacy in all American consumers
4. establish a Website to serve as a central clearinghouse for consumers to find information about federal financial literacy and education programs, grants, and other topics the Commission deems appropriate
5. establish a toll-free hotline to provide the public with information about financial literacy and education issues

The Financial Literacy and Education Commission consists of:

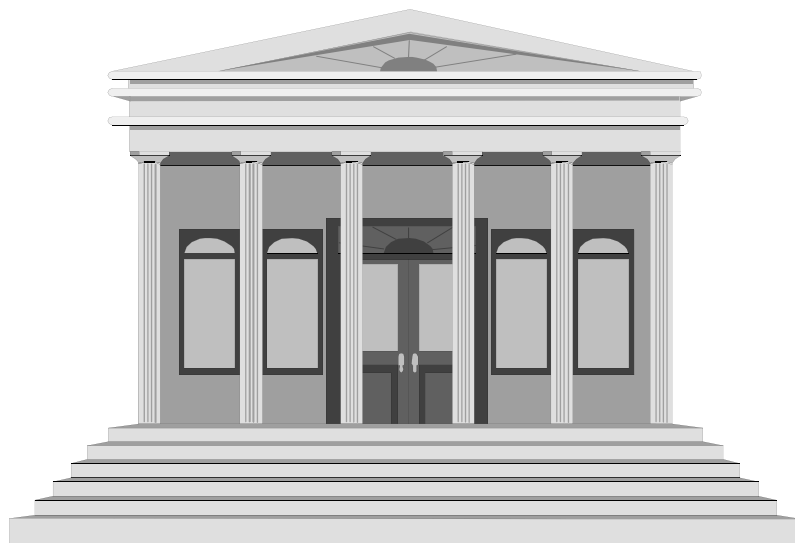
- the Secretary of the Treasury and the heads of the Office of the Comptroller of the Currency
- the Office of Thrift Supervision
- the Federal Reserve
- the Federal Deposit Insurance Corporation
- the National Credit Union Administration
- the Securities and Exchange Commission
- the Departments of Education, Agriculture, Defense, Health and Human Services, Housing and Urban Development, Labor, and Veterans Affairs
- the Federal Trade Commission
- the General Services Administration
- the Small Business Administration
- the Social Security Administration
- the Commodity Futures Trading Commission
- the Office of Personnel Management

Congress has selected the Treasury Department's Office of Financial Education (OFE) to provide support and expertise to assist the Commission with its functions and duties.

Sources:

Secretary Snow Chairs First Meeting of the Financial Literacy and Education Commission, *Department of the Treasury, Office of Public Affairs, January 29, 2004*

Financial Literacy and Education Commission Fact Sheet, *Financial Literacy and Education Commission*



Comments and Requests

Today's Consumer is written primarily for the staff of UC Cooperative Extension. It is available as a PDF file to readers outside of Cooperative Extension. Send comments and requests to me at: Cooperative Extension, University of California, Riverside, CA 92521; 909-787-5241; connie.costello@ucr.edu.

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