

Scams, Shams and Flimflams!

A Guide to Understanding
Consumer Rights and Avoiding
Common Consumer Rip-Offs



Office of Attorney General



There are so many choices for today's consumer, it can be confusing to try to sort out good deals from the scams.


The Internet, in particular, has opened a "virtual" worldwide marketplace for bargain hunters – but it has also brought new opportunities for con artists. This booklet identifies some of the most common scams and contains hints to help you avoid becoming a victim of fraud.

The law guarantees certain rights and protections to consumers. Use this booklet as a guide to help you understand those rights and how to enforce them effectively.

Wayne Stenehjem
Attorney General

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Introduction

Consumer Fraud Laws

Chapter 51-15 of the North Dakota Century Code is commonly called the “Consumer Fraud Law.” It says any “deceptive act or practice, fraud, false pretense, false promise or misrepresentation” is an unlawful practice – if it is done in connection with the sale or advertisement of goods and services. The Attorney General’s office enforces this law.

Consumer Protection Division

The Attorney General’s Consumer Protection Division assists consumers by mediating individual consumer complaints, investigating and prosecuting consumer fraud cases and enforcing the state’s consumer fraud laws.


If you have a consumer problem or question, contact the Consumer Protection Division, at:

Mail: PO Box 1054
Bismarck ND 58502-1054

Phone: 701-328-3404
Toll free: 800-472-2600
TTY: 800-366-6888

E-Mail: cpat@nd.gov

Website: www.ag.nd.gov



State law prohibits the Attorney General and his staff from providing legal advice to the general public.

If you need a lawyer or legal advice, you should contact an attorney in private practice. He or she can review your information and advise you of your options. Most attorneys give a free initial consultation.

If you need assistance finding an attorney you can contact the North Dakota State Bar Association at

(701) 255-1404

Consumer Complaints

If you feel a product, service, or other item has not performed as advertised or promised, you can file a complaint.

Sometimes you can get the result you are hoping for just by contacting the company's customer service department. Make sure you write down the date and time of your call, the name or employee number of the person you spoke to and what was said. If that doesn't work, you can try writing to the company. Use the **Sample Complaint Letter** (p. 9) as a guide.

Filing a Consumer Complaint

If contacting the company does not work, or you have been a victim of consumer fraud, you can fill out a **Consumer Complaint Form**. This form is available by calling the Consumer Protection Division at 1-800-472-2600, or online at:

www.ag.nd.gov

Once you file the complaint form, the Consumer Protection Division sends a letter to the company explaining your complaint and requesting a written response. Sometimes we can settle your complaint when we get that response, but if the facts are still disputed we may need to contact both parties again for more information.

If we are not able to help you, we may suggest you contact an attorney in private practice, or proceed to Small Claims Court to enforce your rights under the law. Most of the time, however, this is not necessary.

Sample Complaint Letter

YOUR NAME
YOUR ADDRESS
YOUR CITY, STATE & ZIP CODE
TELEPHONE NUMBER

DATE

NAME/TITLE OF CONTACT PERSON
COMPANY NAME
STREET ADDRESS
CITY, STATE & ZIP CODE

Dear [CONTACT PERSON]:

On [date] I [purchased or had repaired] a [name of product, including serial and model number OR service performed]. I made this purchase at [location, date and other details of the transaction].

Unfortunately, the [product] has not performed well [OR the service was inadequate] because [state the problem(s)].

To resolve the problem, I would appreciate [state the specific action you want – for example a refund, replacement, etc.]

Enclosed are copies of my records [receipts, guarantees, warranties, cancelled checks, contracts, model/serial numbers, previous repair receipts for item, etc.] (**NEVER** send the original documents).

I look forward to your reply and resolution of my problem. I will wait [set time limit] before contacting my Attorney General. Please contact me at the above address or telephone number.

Sincerely,

YOUR NAME
ACCOUNT NUMBER

Consumer Information

“If it seems too good to be true ... it probably is!”

This old saying is still true today, and is probably the best advice you can follow if you want to avoid being ripped off.

We all want to think we got the lowest price, the best deal, or the lucky break. It's only human nature. Scam artists know this – in fact, they count on it.


“You can't get something for nothing.”

Before handing over your hard earned money:



- Be skeptical. Don't let promises of free prizes or huge discounts cloud your judgment. Ask questions and check references.
- Compare prices with other local businesses. What's "on sale" at one store may be the regular price somewhere else.
- Don't fall for high-pressure "buy now or never" or "offer only good today" ultimatums – a legitimate business will give you time to think things over and check out the offer.
- If it doesn't "feel" right or check out properly, be prepared to walk away.

“If in doubt, check it out!”



If you're buying something at a store, check the store's policies on returns, warranty claims, and repairs before you buy. **There is no law that says the store must accept returned merchandise.** Keep all receipts and sales slips.

Get all promises and terms in writing. Read all documents carefully. Take the time to think it over and ask questions if there's something you don't understand. Make sure any blank spaces are filled in before you sign, and always get a copy of what you signed after you signed it.

If you buy from an Internet business, mail order company, or telemarketing business operating out of state, it can be very difficult to get satisfaction if you experience a problem. Check for complaints with the Better Business Bureau in that state by calling:

1-703-276-0100, or

Online: www.bbb.org

The BBB is a "member" organization, not a government or regulatory entity. You may also wish to contact the Attorney General's office in the state where the business is located. You can find the appropriate Attorney General's office by contacting the National Association of Attorneys General, at:

Online: www.naag.org

or the ND Consumer Protection Division at:

1-800-472-2600

Your Consumer Rights

The “Three-Day Right to Cancel”

You have a right to cancel a business transaction only if the purchase amount exceeds \$25 and the sale was made away from a permanent place of business. This right applies to purchases made at a trade show, from a door-to-door salesperson, home party, or to merchandise and services sold over the telephone.



If you are over 65, the same rules apply except you have 15 days to cancel any purchase more than \$50.

Store Refunds

In North Dakota no laws regulate store return policies. A store may set its own policy, which may include a cash refund, a store credit, an exchange, or no refund at all. Others may limit the amount of time in which a return may be made. Ask about the store’s refund policies before buying anything.

Mail Order Rule



The federal Mail Order Rule addresses two problems: failure to deliver and failure to make a prompt refund.

The rule requires mail order

merchants to deliver prepaid merchandise in the time stated in the original offer or make a refund. If no time is stated, the company has 30 days to deliver. If your mail order delivery is late, you may contact the company to request a refund.

If you are returning an item to a store, your rights are more limited.

Fair Debt Collection Act

This Act requires that debt collectors treat you fairly by prohibiting certain methods of debt collection.



Debt collectors may contact you in person, through the mail, or by telephone, telegram, or fax. They may not call you before 8 a.m., after 9 p.m., or at work, unless you agree. You can stop a debt collector from contacting you by writing a letter to the collection agency telling them to stop.

Debt collectors must be licensed by the ND Department of Financial Institutions (DFI). You can contact DFI at (701) 328-9933.

Fair Credit Billing Act

Under this Act, you may dispute and withhold payment on credit card charges for goods and services you didn't accept or were not delivered. See the back of your credit card statements for details.

Do Not Call

Are you fed up with having your evenings interrupted by calls from telemarketers?



You can stop almost all telemarketing calls by registering on the North Dakota **Do Not Call** list.

Registering is free and easy!

- You can register your home and cell phone numbers.
- Your numbers will stay on the list until you remove them.
- North Dakota's "Do Not Call" registrations are shared with the Federal Trade Commission (FTC), which operates the national registry. You only need to sign up once to be on both lists.

Telemarketers cannot call anyone who has been registered on the Do Not Call list for 90 days or more. Even if you are not registered, telemarketers **cannot**:

- Call before 8:00 a.m. or after 9:00 p.m. local time.
- Block your Caller ID service.
- Use an automatic dialing device unless it disconnects within ten seconds after you hang up.
- Use pre-recorded messages, unless a live operator comes on the line first to get your permission. The operator **must** tell you

which company is calling, what it is promoting, and whether it intends to solicit money from you.

 Register online: www.ag.nd.gov

 Register by phone: 1-888-382-1222

Even after you have registered you may still receive some calls, which are permitted by law, including:

- Calls from a person or business that has established a business relationship with you during the past two years.
- Calls by charitable organizations.
- Calls soliciting the expression of ideas, opinions, or votes.
- Calls by political parties, organizations, or candidates.

Report Telemarketers Who Break the Law:

The Consumer Protection Division enforces the law.

1. Write down the date and time of the call, the name of the telemarketing company and the phone number.
2. File a complaint with the Attorney General's office: 1-800-472-2600 or online at: www.ag.nd.gov.

YOU also can sue in a private legal action any telemarketer who violates the law.

Preventing Identity Theft

Most people never think about the day-to-day activities that expose personal information to identity thieves - until it's too late.

Besides basic information such as name and address, identity thieves look for dates of birth, a driver's license number, social security number (SSN), credit card and bank account numbers, and telephone calling cards.

Identity Thieves:

- Look through your trash for canceled checks, bank statements and pre-approved credit card applications;
- Use technology to steal your personal and financial information; and
- Pretend to be company officials, to trick you into revealing personal information.



The thief uses your information to hijack existing accounts and open new accounts in your name. When your credit is gone, the thief moves on — leaving you to sort out the devastating consequences.

The theft of your identity can leave you with a poor credit rating and a ruined reputation that may take **months or even years** to correct. Meanwhile you may be denied a job, a new car, or even a new home.



Your SSN accesses your credit history, criminal, medical and school records, credit cards, bank accounts, financial records, and social security benefits.

These few simple steps can keep your information safe:

- ☒ **Remove** “extra” information — such as your SSN, home phone, and date of birth — from your checks. A merchant **cannot** require you to write your SSN on a check. 
- ☒ **Check** your bank and credit card statements, and phone and utility bills as soon as you get them. Report any discrepancies immediately.
- ☒ **Never** respond to an e-mail asking you to confirm or verify account information, even if it looks “official.” Instead, call the customer service number listed on the company’s billing statement to check the account.
- ☒ **Shop** online only with reputable businesses and make sure the site is **secure** before providing credit card information. 
- ☒ **Never** give out your credit card number or other personal information over the telephone unless **you initiated** the call **and** you are sure it is a reputable company.

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Preventing Identity Theft (continued)

- ☒ **Shred** any papers, documents, or statements that contain account or personal information before throwing them away. Shred junk mail and credit card applications, too.



- ☒ **Provide** only the necessary information on warranty and registration forms. Don't answer marketing or survey questions or respond to phone surveys.
- ☒ **Call** the National Credit Bureaus, toll-free at 1-888-567-8688 to **stop** receiving unsolicited credit card applications (you will have to provide your SSN), or online at:

www.optoutprescreen.com
- ☒ **Check** your credit report each year, and correct any discrepancies immediately.

Credit Bureau Contact Information:

Equifax:

Address: PO Box 740241
Atlanta GA 30374-0241
Website: www.equifax.com
Report Fraud: 1-800-525-6285

Experian:

Address: PO Box 9530
Allen TX 75013
Website: www.experian.com
Report Fraud: 1-888-397-3742

Trans Union:

Address: PO Box 6790
Fullerton CA 92634
Website: www.transunion.com
Report Fraud: 1-800-680-7289

Stolen Identity

Identity theft is a crime. Under federal law you have certain rights, but you must take the following steps to assert these rights:

- 1. File a report with your local law enforcement agency.**

Ask for a copy of the police report, or the complaint number.

- 2. File a report with the Attorney General's office.**

The Attorney General's office is North Dakota's clearing house for identity theft. We will provide you with the information and forms you need to document the theft and restore your credit.

- 3. Report the fraud to the credit bureaus.**

Request that a "fraud alert" be placed in your file to stop creditors from opening new accounts or changing existing accounts. Always follow up with a letter. Order a free credit report from each credit bureau, so you can check for other fraudulent accounts.

- 4. Close the accounts that have been tampered with or opened fraudulently.**

Ask to speak with someone in the security or fraud department of each creditor, and follow up with a letter. "Creditor" can include credit card and telephone companies, utilities, banks and other lenders.

Junk Mail Lists

Every day the mail box is stuffed full of junk!



Unsolicited catalogs, “special offers” from companies you have never heard of, sweepstakes entries, “pre-approved” credit offers, and much, much more.

How do these companies find you?

You may be surprised to find out just how much information is available about you. Marketers buy lists of names and addresses from other mail order companies, compile them from market survey forms and product registration cards, or use the names of customers of “affiliated” businesses.

The more information you make available, the more likely you will be a target for junk mail, telemarketing calls, “spam” e-mail, **and scams**.

Here are some helpful hints to reduce the availability of your information:

- ☒ Provide only the necessary information on incentive, rebate and warranty registration forms. **Don’t** answer the marketing questions or include your phone number or e-mail address.
- ☒ Don’t respond to “surveys” - which are often a con artist’s way of getting your personal information so they can steal it.
- ☒ Don’t respond to e-mails or telephone calls asking you to provide or “confirm” personal or account information.

Opt Out Policies

You can remove your name from mailing lists sold by the three main credit bureaus for pre-approved credit card offers by calling:

1-888-5OPTOUT

(1-888-567-8688)

www.optoutprescreen.com

To remove your name from all junk mail lists, contact the Consumer Protection Division for a free form.

Opt Out/Privacy Policies

You may have received a “privacy notice” from your bank, credit union, credit card companies, or insurance company. This notice explains what personal information the company collects about you.

This “personal information” may include your address, telephone number, account balance, social security number, annual income, overdraft history, payment history, etc.

Stop credit card companies, banks and other businesses from **selling your personal information** to other companies— use the form included with the company’s “privacy notice” or call customer service and tell them you want to “**opt out.**” You can opt out at any time. You only need to opt out once, but you must do it for each institution.

If you are confused by the privacy notice, you can contact the company’s customer service line for assistance, or call the Consumer Protection Division.

Tenant Information

Almost everyone rents living space at some time in their life, but not everyone knows their rights and responsibilities as a tenant. What can make it more confusing is that the law can be changed by the terms of the lease.




Before signing a rental agreement, read it carefully and check anything you don't understand.

Here are some important points to consider:

Moving In. The landlord is required by law to provide you with a checklist describing the condition of the property. Mark any existing damage or problems on the checklist and make sure both you and the landlord sign the completed checklist.

Security Deposit. The landlord can require you to pay a security deposit of up to one month's rent. You may also have to pay an extra deposit if you have a pet. The landlord can use the deposit to repair any damages you or your guests cause to the property, for unpaid rent, or to pay the costs of cleaning the property after you leave. The security deposit and an itemized list of any deductions must be returned to you within 30 days of terminating the lease. The landlord cannot withhold money for "normal wear and tear" to the property. Interest on the deposit must be paid if the landlord holds the deposit for more than nine months.



Rent. If you rent the property with others, each of you is responsible for paying the entire amount of rent. If one person moves out, the remaining tenants are still responsible for paying the full monthly rent. This also applies to the utility and other bills due each month under the terms of the lease.

Rent Increases. The landlord generally cannot raise your rent until the end of the lease period or, if you are on a month-to-month lease, on 30 days' notice.

Eviction. In order to evict, a landlord must first serve a "Notice of Intention to Evict" (often called a Notice to Quit), ordering you to vacate the premises within three days. If you do not resolve the problem, or leave the property, the landlord's next step is to serve you with a Summons and Complaint (which begins the legal process).

The Summons and Complaint will give notice of the date and time of the court hearing. This hearing must take place between 3 and 15 days after service of the Summons and Complaint. At the hearing, the judge will listen to both sides of the dispute and then make a decision—either that you cannot be evicted, or that you must leave immediately.

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Tenant Information (continued)

Landlord responsibilities:

- A landlord must comply with housing codes, make repairs to keep the property habitable, keep common areas safe and clean, keep building facilities in safe and working order, provide garbage containers and removal, and place smoke detectors in each rental unit.
- A landlord may enter the rental property at any time if there is an emergency, or during reasonable hours (by arrangement if possible) to repair, inspect or show the property.
- It is illegal for a landlord to lock out a tenant, confiscate a tenant's belongings, or cut off the utilities in an attempt to get the tenant to move.

Tenant responsibilities:

- A tenant must comply with housing codes imposed on landlords, keep their units clean and safe, remove garbage regularly, use the plumbing and other building facilities in a reasonable manner, and make sure they and their guests do not disturb other tenants.
- A tenant can be evicted – **even during winter months** - for nonpayment of rent; disturbing the other tenants' "peaceful enjoyment," illegal activity conducted on the property, unreported pets, or more occupants than allowed by the lease.



Settling a Dispute with your Landlord

If you need help settling a dispute, or have a question about a lease, you can contact Legal Services of North Dakota (LSND) at:

- (800) 634-5263.

Small Claims Court

Small Claims Court provides landlords and tenants with an easy, inexpensive, and informal way to resolve disputes. It is not necessary to hire an attorney. To obtain the necessary papers to file a lawsuit, contact the Clerk of District Court in your county.

Discrimination Complaints

Federal and State law prohibit discrimination based on race, color, national origin, religion, sex, family status, marital status, financial status, or handicap. To file a discrimination complaint, contact:

ND Department of Labor, at:

- (701) 328-2660, or
- toll-free (800) 582-8032

ND Fair Housing Council at:

- (701) 221-2530
- toll-free (888) 265-0907

Buying a New Car

A new car is exciting. The paint and chrome are still shiny and the interior still smells fresh. It is easy to picture yourself behind the wheel ... but keep your emotions to yourself. As soon as the salesperson knows you can't live without a particular car, you've lost your bargaining power.

Follow these tips, and your pocketbook will look just as good as your new car.

Before you buy:

1. Decide what you want. Do you want a subcompact, sport-utility vehicle, or a mini-van? Is fuel economy important? What about towing or cargo capacity? Which options would you like with the vehicle? Visit online car buying sites to review the vehicles that interest you.
2. Before you shop, get your credit report and credit score – you can get this information from the credit bureaus (see page 18 for information). The higher your score, the better the interest rate! Call local banks to find out the current interest rate for new car loans. Talk to your bank to find out your credit limit and whether you qualify for a loan.
3. Research the dealer's cost. Detailed pricing of the dealer's cost and retail price for the basic vehicle and all options, right down to the floor mats, is available from many online sources and from consumer publications at your public library. This data will tell you exactly what the dealer paid for the vehicle. You can negotiate the price up from that figure, rather than negotiating down from the dealer's retail sticker price.

At the dealer:

Deal on the price of the new vehicle—don't include talk of monthly payments, trade-ins, or rebates. It may be less confusing if you sell your old vehicle separately, rather than including it in the new car purchase.

Don't fall for "this offer is only good today" pitches. Any legitimate deal will be there tomorrow. Be prepared to walk away! Get a fair price. You must be willing to pay some profit to the dealer, but don't let yourself be gouged.

- ☒ Don't be fooled into paying for "dealer preparation" - an allowance for that is already included in the price the dealer paid to the manufacturer.

- ☒ Watch for "dealer-added options" (also referred to as "ADM" or "ADP") – dealers may add in grossly overpriced options (such as "scotch guarding" or "window etching") to pad their profit margin. These options may be marked up as much as **500%**. The price is usually listed next to the Manufacturer's Suggested Retail Price (MSRP).

- ☒ Dealers can make an extra profit by arranging financing for you. This financing is often at a higher interest rate than the bank, but you are told there's a problem with your credit history that will prevent you from getting the lower rate. The dealer then pockets the difference between the real rate and the inflated interest rate he sold you.

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Buying a New Car (continued)

You won't fall for this scheme if you already have your credit report and credit score.

- ☒ Extended warranties also open the door for scams. There is no state law requiring a consumer to have warranty coverage on a vehicle for the life of the vehicle loan. Also, an extended warranty is not the same as a manufacturer's warranty. That warranty is included in the price of the vehicle, whereas the extended warranty is an additional cost. The extended warranty may require all maintenance (including oil changes) and vehicle repairs to be done only by the issuing dealer and may have exclusions limiting the coverage or reimbursement.
- ☒ Trade-in "bargains." You have heard the ads – the dealer offers to pay off your vehicle loan, or guarantees you a fixed price no matter what the condition of your trade-in. Don't be fooled – these offers are only a bargain for the dealer. If you owe money on a vehicle, the dealer simply adds the cost of that vehicle to the cost of the new car. All you have done is roll over one loan into another – and now you are paying interest on two debts.
- ☒ Don't be fooled by talk of "lower monthly payments." Generally speaking, the interest rate goes up as a loan gets longer – the dealer simply works out the loan over 60 or even 72 months to make the monthly payment seem lower. As to guaranteed trade-in prices – the dealer simply adds the difference to the "bottom line" price of the new vehicle, and gets his money that way!

Buying a Used Car

North Dakota's "lemon law" does not apply to motorcycles, motor homes or USED CARS.

In North Dakota, you buy a used car "as is" unless you purchase a warranty separately or a warranty is specifically included in the price. Be sure to get warranties and all promises of repair in writing.

Before buying a used car:

- ☑ Check the "blue book" value of the used car you might buy, as well as the value of the car you presently own. You can review used car values in the Kelley Blue Book Official Guide or the NADA Guide (see page 30 for web addresses). Most banks and lending institutions use the NADA guide to determine the value of the vehicle.

- ☑ Take the car to a mechanic you trust and ask for it to be checked for any major repairs needed now or in the near future.

- ☑ For a small fee you can obtain the complete history of a vehicle, including major damage or title defects, from Carfax at www.carfax.com - you may want to require the seller provide this report to you before completing the purchase.

REMEMBER: There is no three-day right to cancel when you buy a car.

Auto Information

Be an informed consumer!

If you would like even more information about buying a car, contact the Attorney General's Consumer Protection Division at 1-800-472-2600 and ask for the free publications: "New Car Buying Guide" or "Buying a Used Car."

Online Resources:

The Internet is a quick and easy way to find information to help you buy, sell, or trade a new or used car. The FTC has information on the "consumer" pages of its website:

 www.ftc.gov

Although the Office of Attorney General does not endorse the following sites, you may find them helpful.

Values for new and used cars:

 www.kbb.com

 www.nadaguides.com

Used car history:

 www.carfax.com

Car buying tips:

 www.edmunds.com

 www.consumersunion.com

 www.automotive.com

 www.carbuyingtips.com

 www.cars.com

Vehicles

Vehicle Repair Scams

If you're planning a long vacation drive out-of-state, be alert when you pull off the highway.

Some auto repair cheats target cars with out-of-state license plates, knowing victims will be reluctant to take the time to file a complaint with local authorities.

Your best defense is to have your vehicle serviced and inspected before you leave, by a mechanic you know and trust. Don't leave your vehicle unattended at a service station while you're traveling. Pay for any repairs with credit card so you can dispute the charges if necessary.

Renting a Vehicle

Renting a car can be confusing and expensive if you don't understand the terms used and how fees are calculated. Make sure your trip isn't ruined by unexpected rental charges - check the rental agreement carefully.

If you have car insurance in North Dakota, any vehicle you rent within the US or Canada is automatically covered by your liability insurance for 30 days. You probably do not need the optional **collision damage waivers** if you are willing to pay your deductibles.

Before leaving inspect both the inside and outside of the vehicle. Make sure the renting agent makes a written note of any visible damage.



Your Credit



Your credit history can have a profound effect on your financial and personal future. It can help open doors to a new job or a new home - or keep them locked.

Credit Reports

There are many types of consumer reporting agencies that sell information about your check writing and credit card history, medical records, and rental history. Many people first become aware that their credit report contains significant inaccuracies only when they are denied credit. The federal Fair Credit Reporting Act (FCRA) gives consumers certain rights.

You must be told if information in your file has been used against you. Anyone who uses a credit report to deny your application for credit, insurance, or employment must tell you, and must give you the name, address, and phone number of the agency that provided the information.

You have the right to ask for a credit score. Credit scoring is a system creditors use to help determine whether to give you credit, and how much to charge you for it. A high credit score indicates a good credit worthiness, and will qualify the score holder for loans at lower interest rates. You can obtain your credit score from the consumer reporting agencies, but you will have to pay for it.

You have the right to know what is in your file. You may request and obtain all the information about you in the files of a consumer reporting agency. You will be required to provide proper identification, which may include your social security number.

Free Credit Reports

You are entitled to receive one free credit report each year from each of the three major credit reporting agencies - Experian, TransUnion, or Equifax - for a total of three free reports a year. You can choose to order these free credit reports all at the same time, or order a different credit bureau's free report every few months (but only one time per year).

You **must** order the free credit reports through the Annual Credit Report clearing house:

- Online at: www.annualcreditreport.com - this clearing house website links you to the special webpage for the selected credit reporting agency.

You will have to provide your social security number, date of birth and current address. The credit agencies also offer several additional options to choose from, including getting a credit score, but these options are not free. You do not have to buy any of the additional services to get the free credit report.

Once you've received a copy of your credit report, review it to make sure it is current and free from errors. If there are mistakes or outdated information on your credit report, you should write to the credit bureaus. The bureaus must, at no charge to you, investigate the disputed information. If an investigation doesn't resolve your dispute you can ask that a statement of the dispute be included in your credit file and in future reports.

- In most cases, a consumer reporting agency may not report negative information that is more than seven years old or bankruptcies more than ten years old.

Credit Security Freeze

A Credit Security Freeze Stops Identity Thieves Cold!

You have the right to put a “security freeze” on your credit file. Most businesses will not open new credit accounts without checking your credit. When you have a security freeze on your credit file, the creditor only gets a message or a code indicating that the file is frozen. If your credit files are frozen, even someone who has stolen your name and Social Security number would probably not be able to get credit in your name.

You can place a security freeze with each of the three consumer reporting agencies - Equifax, Experian, and TransUnion. You must use the specific form required by each agency. You will have to give certain information, including your social security number. There is a \$5 fee per agency, except that it is free if you are a victim of identity theft.

If you want to open a new credit account or get a new loan, you can temporarily lift the freeze on your credit file. You will get a PIN number from each agency and instructions on lifting the freeze. There is a \$5 fee to lift a freeze.

Even after your file is frozen, it can still be released to existing creditors, collection agencies, prospective landlords or employers, and to certain government agencies.

- You can always order your own credit report, even if your file is frozen.

Contact Consumer Protection for additional information or the required forms, toll-free at (800) - 472-2600 or online at: **www.ag.nd.gov**.

Credit Score/Credit Card Debt

Credit Score

Credit scoring is a system creditors use to help determine whether to give you credit, and how much to charge you for it.



To arrive at a credit score, the consumer reporting agencies look at your check writing and bill-paying history, late payments, collection actions, the number of credit accounts, etc., and assigns points to each factor. The total score, which may differ slightly between the three consumer reporting agencies, is reported to creditors when your application for credit or a loan is processed. The lower the credit score, the higher the interest rate.

Credit Card Debt

College students and young adults are bombarded with credit card offers - usually at high interest rates. Because they are so convenient, you often spend more than you realize. If you only pay the minimum balance, that “bargain” impulse buy may cost more than you realize. Consider this example:

Amount Charged:	\$2,000
Interest Rate:	18.5%
Minimum Payment	\$35.55

With the example shown above, if you make only the minimum payments, it will take 11 years to pay off the balance, and you will have paid over \$2,700 in interest.

You actually paid \$4,700 for your “bargain.”

Predatory Lending

Low mortgage interest rates have brought the dream of owning your own home within reach of millions of Americans.

Unprincipled lenders have likewise taken advantage of this situation by preying on unsuspecting consumers through “predatory lending.”

What is Predatory Lending?

Predatory lending is the name given to unfair and deceptive practices by which lenders convince borrowers to agree to loans with oppressive or hidden terms. While some lenders may promise economic independence, in reality they are offering financial ruin. Consumers may find that what seems like an easy payment plan doesn't take into account such things as back-end “balloon” payments, prepayment penalties or exorbitant front-end fees. Not only do unscrupulous lenders make money on these hidden costs, they may intentionally sell you a loan you cannot afford, with an eye towards taking the property which secures the loan when you fail to make payments.

Don't be Prey for Unscrupulous Lenders!

■ KNOW YOUR LOAN

Get it in writing, read it and ask questions! Make sure all terms are spelled out in the written contract and that you take the time to read and understand what you are agreeing to. Leave no blank spaces in any documents. If you don't understand, ask questions until you do or seek help from a professional.



■ KNOW YOUR LIMIT

Understand what you can afford to pay for a loan and be realistic. Don't borrow more than you need. Research your own credit history and what effect your credit score may have on your loan. Never allow yourself to be pressured into signing an agreement with which you are not comfortable or which you do not understand. Always remember borrowing money comes with a cost and if you default on a loan you may lose far more than you bargained for.

■ KNOW YOUR LENDER

Beware of lenders who guarantee loan approval regardless of your credit history or income. Shop around, compare rates, references and reputations.

The North Dakota Department of Financial Institutions (DFI) regulates financial services providers including state-chartered banks and credit unions, money brokers, payday lenders and consumer finance companies.

- DFI can be reached at **701-328-9933**.

You might also check with the Better Business Bureau.

Credit Counseling Services



Are you feeling overwhelmed by debt and looking for help?

A credit counseling service or debt management agency may be able to help you.

Consumer credit counseling services and debt management agencies are nonprofit organizations supported mainly by contributions from community organizations, financial institutions and merchants. They provide services free or at a low cost to individuals seeking help. They can be effective alternatives to bankruptcy.

The agency will help you by negotiating a lower interest rate and reduced payment plan with your creditors.

Under the plan, you agree to deposit money each month in an account with the agency. The agency then distributes this money to your creditors to repay your debts. The repayment plan may take several years to complete.

Although a payment plan may help eliminate much of the stress that comes from dealing with creditors and overdue bills, it does not mean you can forget about the remaining debts.

- If the repayment plan depends on a creditor lowering interest rates or eliminating finance charges, **you** are responsible for making sure those concessions are reflected in the billing statements.

Debt Management Agencies

- You also are responsible for paying off any creditors whose accounts are not included in the plan.

What should you expect?

Under North Dakota law, consumer credit counseling services must meet certain minimum requirements, including:

- ☑ Any agreement between a credit counseling service and a debtor must be in writing and signed by both parties with a copy given to the debtor.
- ☑ A credit counseling service may not charge an origination fee exceeding \$50 and cannot charge service fees exceeding 15% of each distribution payment.
- ☑ A credit counseling service entering into an agreement with a debtor who resides in North Dakota **must** file a surety bond with the Office of Attorney General.
- ☑ Once the debtor makes a deposit, the consumer credit counseling service must make the disbursement of funds within forty-five days.

CAUTION: Not all credit counseling services or debt management agencies are legitimate.

Credit Counseling (continued)

Some agencies only offer debt management plans. Local North Dakota agencies usually provide a full range of services, including a free consultation, debt management, budgeting, and other assistance or counseling programs.

Different agencies charge more for similar services, and some unscrupulous companies disguise extra charges.

- Get a written explanation of all charges you will be expected to pay.

The Attorney General has received complaints against credit counseling and debt management companies that charge excessive fees or do not send the debtor's payments to the creditor.

Before making a choice, consider the advantages of working with a reputable local agency.

Credit Repair Scams

If you are looking for a way out of your credit problems, beware of so-called “credit repair” companies that claim they can change or erase negative information from your credit report.



If a credit repair company promises you it can clean up your credit report, remember the following:

- Credit bureaus can legally report negative credit information for 7 years and bankruptcy information for 10 years, as long as that information is accurate.
- If you have a poor credit history, even if your past problems were due to illness or unemployment, **time** is the **only** thing that will repair your credit report.
- The only information in your credit report that can be changed are items that are actually wrong or beyond the 7 or 10 year reporting period.

Remember: There are no quick or easy cures for a poor credit history.

Protect your credit record before getting bad credit.

Pay bills promptly to avoid late fees and stay within your credit limit to avoid over-limit fees.

Credit Card Scams

“Plastic money” is a convenient way for many consumers to make major purchases and do everyday shopping. Unfortunately, the global acceptance of credit cards also makes them attractive targets for scams.

Credit Card Protection Offers

Credit card protection companies offer to keep track of your credit cards and, in the event your cards are lost or stolen, contact your credit card companies. They also offer emergency cash if cards are lost or stolen when you are away from home.

These offers are a waste of money.



By law, once you report the loss or theft, you have no further liability for unauthorized charges. Even if charges happen before you call, your maximum liability under federal law is \$50 per card.

Most credit card companies have a toll-free number for reporting missing cards and some companies even provide 24-hour service. Most also voluntarily remove unauthorized charges if you report them as soon as you discover them.

- Make a list of your credit cards, the account numbers and the phone numbers. Keep the list somewhere safe (and away from your cards) - if you lose a card you will have the information handy!**

Phony Credit Card Offers

The fastest growing telemarketing scam ... these offers “guarantee” you a credit card, even if you have bad credit. The credit card is “guaranteed” because the scam artists arrange to debit your bank account for “up-front payment.”

If you give out your bank account number, the only real guarantee is that **you’ll lose your money**. Most legitimate credit card issuers don’t charge in advance, and if there is a fee to get a card, it is usually very small.

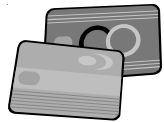
Uploading

Uploading occurs when your credit card number is used to complete one purchase (which you authorized) and then sold to several other people who add fraudulent charges on your account.

You don’t realize your account number has been stolen until you get the bill. The most common way uploading happens is if you buy something from a telemarketer, from an ad on the Internet or TV, or respond to direct marketing mail.

Your best protection:

- Shop only with reputable companies; don’t give out your credit card number or other personal information unless you are familiar with the business.
- Don’t shop online unless the site is “secured” - look for the closed padlock symbol on your screen.



Telephone Complaints & Scams

1-800-TROUBLE

Cramming

If this month's phone bill contains charges for services you don't remember ordering or authorizing, you have probably been "**crammed.**"


Most cramming occurs when you call an 800-number for a "free" service. A recording prompts you to give your name and make a verbal agreement in order to get the free service. You are automatically enrolled in an expensive club or program. You never get the "free" service you called about, but you do get billed.

If you find an unauthorized charge, follow the instructions on your bill to dispute the charge and follow up in writing. If that doesn't work, call the Consumer Protection Division.

Slamming

Slamming occurs when your long distance carrier is switched without your authorization.

You probably will not know you are a victim of slamming until you get your next telephone bill. In many instances, you are tricked into "authorizing" the switch by dishonest telemarketing tactics - for example, by cashing a check you receive in the mail.



If you are **slammed**, ask your local telephone company to switch you back to the long-distance company you want. The switch is **free**.

You may also have to contact the company that slammed you if any charges or bills are involved. The name of your long distance carrier appears on your monthly statement.

To file a complaint or if you are still having problems, contact the **Public Service Commission** at 701-328-2400.

International Phone Numbers

Scam artists are using international area codes to coerce unsuspecting consumers to dial costly international pay-per-call telephone numbers.

Although it may look like any other area code in the United States, these area codes are actually international calls and are billed at very high rates with several “surcharges.”

The scam has been used in classified and Internet employment advertisement, through e-mail messages, and by messages left on home phone answering machines and pagers.

- No matter how you get the message, if you are asked to call a number with an area code that you don't recognize, **don't return the call**.

Magazine Subscriptions

Some magazine telemarketers can give you a subscription for financial agony. They trick you into paying hundreds of dollars for multi-year subscriptions to magazines you don't want or can't afford.


The telephone sales pitch can be so slick that you don't even realize you have bought magazines until the bill arrives ... and when it comes, it is often for several hundred dollars.



Typically, the caller offers you an opportunity to try several magazines for a “low” weekly or monthly fee. You might even be asked to provide credit card or checking account information “for verification.” To reassure you, the caller may claim the company is “approved” by the government, but that is impossible - there is no government approval for telephone magazine sales.

If you try to cancel the contract - watch out. The magazine firms often threaten legal action for nonpayment. But these companies often break the law when they solicit your business, and that is grounds for you to break the contract.

Be suspicious when anyone tries to sell you a



“bargain” over the phone. Before agreeing to buy anything, ask for the total cost of your order, the period of time covered, and find out what individual subscriptions cost. Ask the name, address, and telephone number of the company.

If you decide to cancel, immediately write to the company. Keep a copy of any correspondence in case you have further problems.

- For purchases of \$25 or more, North Dakota’s “home solicitation sales” law gives you three days to cancel a contract when a seller has contacted you over the phone or away from the seller’s normal place of business. People 65 years and older have 15 days to cancel. The seller must inform you of this right verbally and in writing. You must also sign the written contract and receive a copy of it for the contract to be legally binding.
- The three-day or 15-day right to cancel begins once you receive the written agreement.

Automatic Debit Scams

Fraudulent telemarketers use yet another way to steal your money, this time directly from your checking account. Consumers across the country complain about unauthorized debits (withdrawals) from their checking accounts.

Automatic debiting of your checking account can be a legitimate payment method; many people pay mortgages or make car payments this way. But fraudulent telemarketers often abuse the system. Here's how!

You get a postcard or a telephone call saying you have won a free prize or can qualify for a major credit card, regardless of past credit problems. If you respond to the offer, the telemarketer often asks you right away, "Do you have a checking account?"

Near the end of the sales pitch, the telemarketer may ask you to get one of your checks and to read off all of the numbers at the bottom. Once a telemarketer has your checking account information, it is put on a "demand draft," which is processed much like a check. The draft has your name, account number, and states an amount. Unlike a check, however, the draft does not require your signature.

Your bank receives the draft and pays it from your checking account. You may not know that your bank has paid the draft until you receive your bank statement.

Protect yourself from this scam - Don't give out your checking account number over the telephone unless you know the company, understand why the information is necessary, and have agreed to pay for something. Don't be afraid to ask questions.

“Nigerian Letter” Scams

Have you received a letter or an e-mail asking you to help a foreign national with a financial transaction – and offering you a chance to share millions of dollars?



This scam, known as the “Nigerian Letter” scam because it started in Nigeria, has been around for decades, but with the availability of the Internet and e-mail, it has reached epidemic proportions.

Typically, the letter or e-mail pretends to be from a senior civil servant, former government official or member of the former royal family, or a relative of an official. The sender claims to be seeking a reputable company or individual into whose account he can deposit funds ranging from \$10 to \$60 million. In return for allowing the money to be passed through your bank account, you are promised a share of the millions. You are also urged to keep the information a secret.

There are dozens of different variations of this e-mail originating from several countries, all involving some plea for help and a promise that you can share the riches.

It doesn't matter what the story is, every single one is a scam.

- To avoid being the next victim, **DON'T RESPOND** to this letter or e-mail!

Classified Ad Scams



If you have an item advertised for sale in your local newspaper or on the Internet, beware of purchasers offering more than the listed sale price.

The Consumer Protection Division receives many complaints from consumers who lost money on this scam.

How does it work?

The prospective buyer claims to owe money to a third party and sends you a cashier's check for more than the purchase price. You are instructed to keep the amount owed for the purchase and wire the overpayment to another person.

Consumers deposit the cashier's check and wire the "overpayment," only to learn too late that the cashier's check was counterfeit. The third party is the accomplice of the phony purchaser and the consumer is out the money. The counterfeit cashier's checks are very realistic fakes and have even fooled bank tellers.

Don't be fooled by what appears to be a harmless request made by someone who seems very friendly. It's a con. You won't sell your item, but you will lose money.

Internet Scams



Con artists are using the Internet as a high-tech method to pitch their products – SCAMS.

They use the excitement of an Internet auction to entice you into sending money for worthless products or apply new technology to peddle old “business opportunity” scams.

A growing problem for e-mail users is the rapidly increasing number of unsolicited (spam) e-mails they receive. An e-mail spammer buys a list of e-mail addresses from a list broker, who compiles it by “harvesting” addresses from the Internet. The spammer then uses special software that can send hundreds of thousands – even millions – of e-mail messages at the click of a mouse.

Just because the e-mail has come directly to your own personal e-mail address it does not make it any less of a scam.

Anti-Spam Tips:

- 🔒 **NEVER** respond to spam e-mail, even if the e-mail instructs you to reply with the word “remove.” All this does is tell the spammer that someone is reading the e-mails coming to that e-mail address.

- 🔒 **NEVER** give out or “confirm” your account number or other personal and financial information.

- 🔒 **DELETE** any e-mails from unknown senders without response.

Top Five E-Mail Scams



- 1) ***Security or Fraud Alerts.*** These “official alerts” claim the bank or credit card company has updated its security system. You are asked to enter your account number and other information to confirm your identity. Known as “phishing,” this is a **high-tech Identity Theft Scam**. **NEVER** respond to this e-mail. Contact the company directly by phone, using the number listed on its statements.
- 2) ***Nigerian Letter Scams.*** An unknown foreigner offers to give you a percentage of millions of dollars if you will help him get the money out of the country. All you have to do is give him your bank account number.
- 3) ***International Lottery.*** Congratulations you have won ... but you didn’t even enter. It’s just another way to get your checking account number.
- 4) ***Classified Ad Scams.*** You get a response to an ad; the prospective “buyer” offers to pay with a check for more than the purchase price if you will forward the rest onto a third party. The buyer’s check or money order is a **fake**, and you **lose** the money.
- 5) ***Advance Fee Loan Scams.*** “Guaranteed” loans, even if you have bad credit. Just send them some money first ... **and you still won’t get your loan.**

Buying Clubs

Buying clubs are organizations that require you to pay an up-front fee in exchange for the right to purchase goods through the organization.

Buying clubs claim to save you money, and, in some cases, do. But most buying clubs are carefully crafted to lock you into buying goods at exorbitant prices.

Don't fall for high-pressure pitches urging you to sign up now or you'll lose the chance to join. Follow this advice:

Study the initiation fee. If you pay a large up-front fee, you will have to make many discounted purchases before you save any money.

Compare prices before you join. Don't trust a club that won't let you see its catalog so you can compare its prices before you join. You might find that after you pay shipping, insurance, and handling charges, you have saved nothing.

Watch for deceptive pricing. A club may claim to save you 25 percent off the "suggested retail price" or "manufacturer's list price," but most local discount retailers routinely sell for less than that price. Compare prices in your local stores.

Check the club's reputation. Contact the Attorney General's Consumer Protection Division for previous consumer complaints.

Remember, if you are solicited by a company anywhere other than at its regular place of business (such as at home or on a college campus), you have a three-day right to cancellation, and the company must notify you of this right both orally and in writing.

Advance Fee Loans

DO YOU NEED TO GET BACK ON YOUR FEET? Pay off all of your bills and start fresh. Previous bad credit no problem! Give us a call at ...

You find these ads in the “classified” section of your local paper every day. Your application is always approved ~ but you will be required to pay several up-front fees to finish processing the “guaranteed” loan.

BEFORE you apply for a loan, remember:

- ◆ Be skeptical of claims that “bad credit makes no difference” in getting a loan.
- ◆ Don’t give your credit card, checking account, or social security number unless you are familiar with the company. Get everything in writing first.
- ◆ **Don’t send any money until you have checked out the company.** Remember, it is **illegal** for a company to ask you to pay a fee in advance. If you have questions, call the Consumer Protection Division.

Lending companies **must** register with the ND Department of Financial Institutions as a money broker. Check out the company by calling DFI at: **701-328-9933.**

Vacation Offers

Be very skeptical if you receive a call or postcard offering you a free or bargain travel package - you may end up buying a ticket to nowhere.



These bogus offers don't reveal the "catch" until after you have sent your money. And the catch might be that the "luxury" arrangements all cost extra, you must sit through lengthy timeshare pitches, or - worse - there is no trip at all. Before you pack your bags:

- ✦ Check with the Consumer Protection Division and the Better Business Bureau for complaints about the company.
- ✦ Know exactly what's included. A "free" trip may have hidden costs - leaving you with an expensive surprise.
- ✦ Get everything in writing - including all costs, and the names of hotels, airports, airlines and restaurants that are part of the package - then find the phone numbers yourself and call each place.
- ✦ **Never** give out your bank account number. Fraudulent companies will take your money and run. Even legitimate companies can go out of business. By paying with a credit card, you can dispute the charges if you have problems.
- ✦ Check with your local travel agent - often they can find better bargains.

Charity ... or Scam?

Before you give...


Most charities are honest and put charitable dollars to good use. Unfortunately, there are many sham charities that spend most of your donation on salaries and administrative costs and little - if any - on those in need.

The key to fighting charity fraud is to ask questions:

- ? What does the charity do? What is its purpose?
- ? How will the contribution be spent? How much of my contribution will be directly spent in North Dakota?
- ? What percentage of the contribution is earmarked for administrative costs?

If it is a telephone solicitation, ask the caller for his name, the name of the company or organization he represents, and a telephone number.





Many charitable organizations hire professional fund-raisers to solicit money, but the fund-raisers, **not the charities**, keep most of your donation.

Before you give:

- ☑ Check with the local organization for which contributions are being solicited to make sure that organization knows about the solicitation.
- ☑ Watch out for similar sounding names. Some phony nonprofits use names that closely resemble those of respected, legitimate organizations.
- ☑ Check out the charity before making a contribution. Any charity that solicits in North Dakota **must** be registered with the Secretary of State's office.
- ☑ Pay with a check made out to the **charity**, not to the fund-raiser. Do not send cash. Ask if your donation is tax deductible.
- ☑ Be skeptical if you receive an “invoice” for a pledge you don't remember making — some unscrupulous solicitors use this approach to get your money.

...check it out!

Sweepstakes

Congratulations – You have won \$100,000! You are hereby notified that you are a winner ...

We all dream about winning big. Sweepstakes scams thrive because they make you believe your dreams might have come true. Before you start planning an early retirement or a trip around the world, be cautious - remember these quick tips and you won't be fooled:

Don't pay to win. Buying goods or services won't increase your chances of winning, and you cannot be required to buy something before you collect a prize.

Don't send money for taxes. Only the government collects income taxes. If you win a prize, you will pay taxes directly to government authorities - **never** to the sweepstakes company.

Don't give out personal information. No legitimate prize company will **ever** need your social security number, bank account or credit card numbers in order to declare you a winner.

Don't be fooled by official-looking mail. It's not legitimate just because the envelope is marked "urgent" and the contents look impressive.

REMEMBER: Prizes are always FREE!

Foreign Lotteries

These are ALWAYS a scam.

The operators - often based in Canada and other foreign countries - use the telephone, direct mail and e-mail to entice U.S. consumers to buy chances at high-stakes foreign lotteries from as far away as Australia and Europe.

These solicitations violate U.S. law, which prohibits the cross-border sale or purchase of lottery tickets by phone or mail. It is illegal for any foreign lottery - legitimate or not - to use the U.S. mail to solicit customers!

Discount Medical Plans

While there are legitimate discount cards that may offer savings, usually they exaggerate the number of medical providers who will accept them and the services that are covered.

Legitimate discount cards can offer savings on prescription drugs and visits to doctors, dentists, and other health care providers. But the cards touted by telephone and over the Internet frequently inflate savings, hide “administrative fees” and other costs in fine print, and exaggerate the number of providers that accept them. Some issuers mislead buyers into thinking the cards are a substitute for health insurance. As part of their pitch, these scam artists lead consumers to believe they are affiliated with the consumer’s insurance company, financial institution, or state government.

Scholarship/Financial Aid Offers

Do you need money for college? With tuition bills skyrocketing, students and their families are looking for creative ways to finance a college education.



Unfortunately, in their efforts to pay the bills, many of them are falling prey to scholarship, grant, and financial aid scams.

These companies often guarantee they can get scholarships on behalf of students, or award “scholarships” in exchange for an advance fee. Most offer a “money back guarantee”- but attach conditions that make it impossible to get the refund. Others provide nothing for the student’s advance fee - not even a list of potential sources. Worse, some ask for checking account information, to “check eligibility,” and then steal from the account.

Before attending a seminar on financial aid or scholarships, remember—legitimate companies **never** guarantee or promise scholarships or grants.

Don’t risk your money—**before** paying for anything, check with the Consumer Protection Division to see if there are any complaints.

Talk to a guidance counselor or financial aid advisor—you may be able to get the same help for **free**.

- ✦ More information on college financing is available at: www.collegeparents.org or the Federal Trade Commission at www.ftc.gov.

Reloading Scams

If you have been a victim of fraud, chances are you are on a list to be scammed again. That is because consumers who have lost money often are placed on “sucker lists.”

These lists are sold to other con artists because they know that if you can be tricked once, you can be tricked again. This double scam is known as “reloading.”

The two most common “reloading” scams are:



- 1) **RECOVERY:** If you have lost money to a scam, you may get a call from someone claiming to work for a government agency, private company, or consumer organization that could recover your lost money, product or prize – **for a fee.** The second caller is as phony as the first, and may even work for the company that took your money. If you pay the “recovery fee,” you have been **scammed again.**
- 2) **PRIZE INCENTIVES:** This scam uses prize incentives to get you to continue to buy merchandise. If you buy once, you will get a second call claiming you’re eligible to win a more valuable prize. The second caller makes you think that buying more merchandise increases your chances of winning. If you take the bait, you may be called yet again - about the “grand prize.”

Remember: A legitimate organization will not charge a fee to recover your money - and buying merchandise does NOT improve your odds of winning.

Door-to-Door Sales

Each spring and summer door-to-door salespeople begin soliciting business, offering products and services such as magazine subscriptions, vacuum cleaners, heat/smoke detectors, cleaning supplies, estate planning/living wills, as well as bigger projects such as painting, paving, tree trimming, and home repairs.



Although some legitimate business people may use this method, door-to-door sales are a magnet for scam operators.

Since door-to-door sales are becoming more and more popular, here are some things to keep in mind the next time an uninvited visitor comes knocking:

- Always see proper identification before letting strangers into your home. If you are uncertain, do not let them into your home. They should have a transient merchant's license unless they are selling agricultural or food products.
- North Dakota has a home solicitation law. This means you have three days to change your mind about most purchases of \$25 or more made on your doorstep. If you are over the age of 65, you have fifteen days to cancel the sale of \$50 or more. You do not have to give a reason for canceling your order.
- The salesperson must tell you of your right to cancel and the contract must include a statement regarding your right to cancel.

- Check to make sure your contract/receipt is dated and shows the name and address of the seller.
- Never fall for high-pressure sales tactics. Watch out for deals that offer “free gifts” that depend on you purchasing a product you may not want.
- Do not agree to a purchase unless the contract contains:
 - Business Name
 - Permanent Street Address (NOT a Post Office Box)
 - Phone Number
 - Cancellation Agreement
- Do not leave any blank spaces on your contract.
- Take the time to compare offers. Shop around.

Above all else, *DO NOT BE AFRAID TO SAY, “NO!”* Don’t let high-pressure get to you. A good offer will be there tomorrow if it is legitimate.

If you can’t get a door-to-door salesperson to leave your home when requested, call local law enforcement or the Attorney General’s Consumer Protection Division toll free, at:

1-800-472-2600.

Pyramid Schemes

Con artists often disguise the scams as “network marketing” opportunities, making it difficult to tell whether the offer is legitimate or a sham. So, how can you tell the difference?

- » **Network Marketing Companies**—Legitimate network or multilevel marketing companies are designed to sell **products not participation**. They generate money through the sale of goods and services to nonparticipants.

- » **Pyramid Schemes**—The sales pitch emphasizes building up the organization and the number of participants—**not** selling products to consumers.

Before putting your money at risk, ask:

- ☒ Could you make money just by selling the product to customers? If not, it is a **scam**.

- ☒ Are training materials and sales aids provided to you at cost? If not, it is a **scam**.

- ☒ Is the emphasis on recruiting others or product sales? If more than 50% of your income is from recruiting others, it is a **scam**.

- ☒ Are you told you can make lots of money with only minimal effort? Do you have to pay a participation fee? If so, it is a **scam**.

- ☒ Are you being pressured to make a hasty decision? If so, it is probably a **scam**.

Zero Interest Financing



Many businesses, and particularly furniture stores, offer “zero interest financing” programs. They advertise “No interest for 12 months,” or “No interest, no payments until”

There is nothing inherently wrong with these offers, and they can be a great deal if you understand how the programs operate.

Know How They Work

In a **no interest financing program**, you defer paying for a purchase until a later date. If the purchase price is paid in full by the deferred due date, no interest charges are assessed.

However, if the balance is not paid in full by the deferred due date, interest is tacked on to the unpaid balance – usually retroactive to the date of purchase. To make matters worse, the interest rate is usually 21 percent or higher. With some plans, late or missed payments void the deal and interest is charged on the unpaid full balance.

There are several different no interest financing programs. The best plan offers no interest, no payment for a set period of time, with interest charged from the deferred due date forward (rather than from the date of purchase) if the balance is not paid in full.

Even the best no interest financing programs may have minimum purchase requirements or restrict the brands you can purchase.

Work at Home Scams

In newspapers and magazines around the country and on the Internet, you may see ads like this:

Earn \$500 a week from the comfort of your home. No risk; guaranteed; no experience necessary. Send S.A.S.E.

Offers like these may sound very attractive, particularly if you are unable to leave your home to work, but these schemes are among the oldest kinds of fraud. Work-at-home “opportunities” require you to spend your own money first to get the job done.

Here are some questions you might ask a potential “employer”:

- What tasks will I be required to perform?
- Will I be paid on salary or commission?
- Who will pay me? When? What will I get for my money?
- What is the total cost of the work-at-home program, including supplies, equipment, and membership fees?

Don't throw your money away!

Before investing money in a work-at-home venture, check for complaints and alerts with the Consumer Protection Division.



Home Repair Scams

Home improvement and repair scams can involve any area of your home — from roofing or siding to fencing and paving.

Protect yourself - the tip-offs to these swindles include salespeople who:

- ✗ arrive in an unmarked truck or van;
- ✗ claim, “We’ve just finished a job nearby and have material left over so we can do the job for half the price”;
- ✗ use high pressure sales tactics; and
- ✗ refuse to give you a written estimate, contract, or references.

Be very cautious of door-to-door contractors offering to make repairs to your home or business. If a salesperson comes to your door, first ask to see the “transient merchant’s license.”

All transient merchants must post a bond with, and carry a license issued by, the Attorney General’s Office. This protects you — if you have a problem with a transient merchant’s product or service, you can file a claim against the bond.

Make sure a contractor is licensed with the Secretary of State’s office before you sign a contract. You can contact the Secretary of State’s Licensing Division at:

(701) 328-3665 or

(800) 352-0867



Notes

Contact Information

Every effort has been made to ensure the accuracy of the following information. Please let us know if any information needs to be updated.

Thank you.

Contact Information

Questions about: Contact:

- Agricultural Disputes Agriculture Mediation Service
ND Dept. of Agriculture
800-642-4752
www.agdepartment.com
- Auto Problems Auto-Line, Better Business
(new cars only) Bureau
800-955-5100
<http://lemonlaw.bbb.org>
- Airline Complaints Aviation Consumer Protection
US Dept. of Transportation
202-366-2220
<http://airconsumer.ost.dot.gov/problems.htm>
- Banks & Financial Dept. of Financial Institutions
Institutions 701-328-9933
www.state.nd.us/dfi/
- Bankruptcy <http://www.ndb.uscourts.gov/>
- Better Business Bureau National locations
703-276-0100
www.bbb.org
- Boards & Commissions Governor's Office
(North Dakota) 701-328-2200
www.governor.nd.gov/boards
- Charitable Organizations .. Secretary of State
(registration of) 800-352-0867
www.state.nd.us/sec/
- Charitable Solicitations Wise Giving Alliance
Better Business Bureau
703-276-0100
www.give.org/
- Civil Liberties American Civil Liberties Union
701-461-7290
www.acludakotas.org

Contact Information

- Collection Agencies Dept. of Financial Institutions
701-328-9933
www.state.nd.us/dfi/
- Consumer Information <http://www.pueblo.gsa.gov/>
(federal) 888-878-3256
- Consumer Information [http://www.ag.nd.gov/](http://www.ag.nd.gov/CPAT/CPAT.htm)
(state) CPAT/CPAT.htm
- Contractor Licensing ND Secretary of State
800-352-0867
www.nd.gov/sos/
- Corporations Secretary of State
(registration of) 800-352-5124
- Credit Bureaus See page 18
- Credit Card Companies Consumer Protection Division
(complaints about) 800-472-2600
- Health, Food & Lodging ND Dept. of Health
701-328-2372
www.health.state.nd.us/
- Housing ND Fair Housing Council
(discrimination) 888-265-0907
<http://ndfhc.org>
- Human Rights ND Dept. of Labor
(Wage & Hour) 800-582-8032
www.nd.gov/labor
- Hunting/Fishing Game & Fish Dept.
701-328-6300
<http://www.gf.nd.gov>
- Insurance Issues ND Dept. of Insurance
800-247-0560
www.nd.gov/ndins
- Lawyer Referral Service State Bar Association of ND
800-932-8880
www.sband.org/LawReferral/

Contact Information

- Legal Services of ND LSND Administration Office
800-634-5263
www.legalassist.org/
- Motor Vehicle ND Dept. of Transportation
Registration & Licensing 701-328-2725
www.dot.nd.gov
- Moving Companies American Moving & Storage
Association
703-683-7410
<http://www.amconf.org>
- National Banks Comptroller of the Currency
US Dept. of Treasury
800-613-6743
<http://www.occ.gov/>
- National Consumer National Consumers League
issues 202-835-3323
<http://www.nclnet.org/>
- Odometer Tampering ND Highway Patrol
701-328-2455
www.state.nd.us/ndhp/
- Open Records & Office of Attorney General
Meetings 701-328-2210
www.ag.nd.gov
- Product Safety (ND) ND Dept. of Health
(recalls, etc.) 800-472-2927
www.health.state.nd.us
- Product Safety (US) US Product Safety
Commission
800-638-2772
www.cpsc.gov/
- Real Estate Agents Real Estate Commission
701-328-9749
- State Laws North Dakota Century Code
www.legis.nd.gov

Contact Information

- Securities & Investments .. ND Securities Dept.
800-297-5124
<http://www.ndsecurities.com/>
- Senior Health Insurance ... ND Insurance Dept.
Council (SHIC) 888-575-6611
www.nd.gov/ndins/
- Senior Issues American Association of
Retired Persons (AARP)
701-221-2274 or 866-554-
5383
www.aarp.org
- Social Security Social Security Administration
800-772-1213
www.ssa.gov/
- State of North Dakota Governor's Office
701-328-2200
www.governor.nd.gov
- Tax Questions (State) State Tax Dept.
800-638-2901
www.nd.gov/tax/
- Tax Questions (US) Internal Revenue Services
800-829-1040
www.irs.gov
- Tax Problems (US) Taxpayer Advocate Program
877-777-4778
- Unclaimed Property ND Land Dept.
701-328-2800
www.land.state.nd.us/
- Voter Information Secretary of State
800-352-0867
<http://nd.gov/sos/electvote/>
- Wage disputes ND Dept. of Labor
(Wage & Hour) 800-582-8032
www.nd.gov/labor/

ND Government Resources

State government agencies have made information about the services they provide quickly and easily available online.

Information about the state of North Dakota is available online at:

www.nd.gov

You can access North Dakota state agencies online at:

<http://www.nd.gov/agency.htm>

For convenience, many agencies have automated services (such as motor vehicle registration renewal, hunting and fishing licenses, etc.). These services can be accessed on the agency's website, or at:

<http://www.nd.gov/onlineservice.htm>

Information regarding starting a new business or expanding an existing business in North Dakota is available at:

<http://www.growingnd.com/>

North Dakota's Sex Offender website, which provides information on high risk sex offenders including name, last known address, and details of the offense, can be accessed at:

<http://www.sexoffender.nd.gov/>



For more information, contact:

Office of Attorney General
Consumer Protection Division

701-328-3404 (local)
800-472-2600 (toll free)
cpat@nd.gov (e-mail)

www.ag.nd.gov

