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LOTTERY SCAM USES COUNTERFEIT ND STATE CHECKS

BISMARCK – Creative scam artists are circulating phoney lottery prize notices with counterfeit checks from the State of North Dakota, apparently in an effort to convince residents of other states that the prize is real, said Attorney General Wayne Stenehjem.

“An individual from Illinois received the letter and contacted North Dakota authorities to report the scam,” said Stenehjem. “There are no reports so far of any North Dakota resident receiving this letter.”

The phoney award claim notification letter claims the recipient won a large sum of money in the “North American Prize Pool” drawing. To claim the money, the lucky winner must call a lottery representative and provide a tax identification number (social security number). In an apparent show of good faith, the generous promotions manager includes a check, supposedly from the State of North Dakota, to pay taxes due on the winnings. The letter claims the state is one of the Lottery’s sponsors.

“Although the checks in question give the appearance that they are official and have been issued and authorized by the Office of State Tax Commissioner, they are not,” said Tax Commissioner Cory Fong. “These checks are fraudulent and those who receive them should contact the Attorney General’s Consumer Protection division immediately.”

State Treasurer Kelly Schmidt, said “The state has safeguards in place to prevent counterfeit checks such as these from clearing the bank. While the state of North Dakota would not lose any money, unfortunately the same is not true for an unsuspecting individual who deposits the check.”

“No legitimate lottery will require a prize winner to pay fees or taxes or to provide a social security number in order to receive a prize,” said Stenehjem.

The scam artists may be taking advantage of a little-known loophole in the U.S. banking system. Under federal law, depending on the type of check deposited, a bank must give the customer access to the money within one to five days. Longer holds can be placed on deposits over \$5,000, but this is not often done because it may inconvenience the customer. It can take weeks for fake checks to be detected in the banking system. The consumers are left holding the bag for the money they have withdrawn. The depositor, not the bank, is responsible when the check turns out to be a counterfeit.

Parrell Grossman, director of the Consumer Protection Division, offered the following tips:

- Don’t be fooled by e-mails or letters claiming you have won a prize in a contest or lottery you don’t remember entering. If you didn’t buy a ticket, you cannot win a prize. Cyber-lotteries, claiming to have selected the winner by random, are scams.

- Never send or wire any money – for fees, taxes, or customs – before you receive the prize. Legitimate contests and lotteries do not make winners pay anything out of pocket in order to collect the prize. And the US Government does not collect taxes or other fees before the winner receives the prize.
- Scam artists often include instructions not to tell anyone about the prize, which is another tip-off that the prize money does not exist.
- Foreign lotteries – including Canadian lotteries – are illegal in the United States. Entering a foreign lottery from the United States violates federal law.

For information about lottery and other consumer scams, contact the Consumer Protection division, toll-free at 1-800-472-2600 or online at: www.ag.nd.gov.

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