



ONLINE FINANCIAL OFFERS: LEGITIMATE OR SPAM?

by Texas Attorney General Greg Abbott

MY OFFICE HAS FIELDDED many inquiries from consumers asking about business offers, mortgage payoff offers, and credit card offers they receive over the Internet. Seeking independent information about an unknown company is a wise move, particularly when the business contacts you through unsolicited e-mails... spam.

Spam is one of the most aggravating problems facing consumers on the Internet today. While the Internet is a tremendous resource for consumers, it is also a vehicle for rampant fraud. As technology evolves, so do the scammers who contrive new methods of sending millions of unsolicited e-mails, perpetuating Internet fraud, and committing identity theft against thousands of Texans every year.

Last month, my office won the state's first spam case against Ryan Samuel Pitylak, a former University of Texas at Austin student, and his partners Mark Trotter, Gary Trappler and Alan Refaeli. The four men ran one of the largest and most notorious commercial spam operations in the world, bombarding consumers with millions of e-mails under at least 250 assumed names. Using deceptive subject lines, they tricked recipients into believing the e-mails contained information important to them. Consumers who responded to the e-mails revealed information about themselves after being assured their privacy would be protected. In fact, the defendants sold the information to other companies who were

free to use the data however they chose.

At best, consumers are hassled online with straightforward but disruptive attempts to sell real products or services. You should proceed with caution when following up on unsolicited online advertisements, especially pop-up advertisements. Our Consumer Protection Division always stresses that just because we may not have any negative information about a particular company or business, that does not mean that it is safe.

Legitimate retailers and businesses who market over the Internet generally do not send unsolicited e-mails to advertise their products. They will usually provide visitors to their Web sites the opportunity to sign up for promotions or special offers and then honor customers' requests to opt-out of future e-mails.

Credit card offers and "fast cash" offers are prevalent online. Please think twice about such offers. Many times, these ads promote zero percent interest to sign up, but will impose finance charges upwards of 400 percent if you do not pay the entire debt in a certain amount of time. Another hazard of accepting such pitches is that you may be extending an express invitation to any participating third parties to contact you by telephone even if you have previously requested that you be placed on a Do Not Call registry.

Mortgage payoff offers are another common online risk. Several people have contacted my office about offers

to transfer their mortgage to an online company or accelerate their mortgage payments. You certainly can save money by paying off your mortgage early - but you do NOT have to pay anyone to help you do this. A typical offer promises that a "mortgage acceleration specialist" will deduct payments from the homeowners' checking account and forward that money to the original lender. Be wary of these offers. Check with your mortgage company to see how best to pay your loan off faster and save money. For instance, you may be able to pay every two weeks instead of every month or pay more than your monthly payment each month. Some mortgage companies will charge a fee for this service, but many will allow you to prepay at no extra charge.

Be cautious not to click on the links in unsolicited e-mail. You might be led to a con artist's website that automatically installs keystroke-logging programs. This technology can allow a thief to capture your keystrokes, revealing your passwords and sensitive financial information.

When surfing online, always proceed cautiously. Today's con artists have learned to disguise their schemes with e-mails that look like legitimate business transactions and golden financial opportunities. Remember, an unsolicited online financial offer is simply a stranger asking you to send money on a promise. If an offer sounds too good to be true, it is most likely a scam.

POINTS TO REMEMBER



ONLINE FINANCIAL OFFERS

- E-mails from people you don't know are usually spam, generated by the millions.
- Most legitimate retailers and business do not market by sending spam.
- Think twice before accepting a credit card or "fast cash" offer online.
- Check with your mortgage company about paying off your loan faster rather than accepting an unsolicited online offer to transfer your mortgage.
- Beware of keystroking software that can compromise passwords and other confidential information.

Contact the Federal Trade Commission to report illegal spam at: www.ftc.gov

Information on this and other topics is available on the Attorney General's website at www.oag.state.tx.us or by calling us at **1-800-252-8011**.



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