

## TIPS TO AVOID FRAUD AS AN ONLINE CLASSIFIED SELLER

***Note: WRCA is not an expert regarding internet fraud and this information is provided to raise your awareness. When in doubt, contact your local law enforcement officials for advice***

Unfortunately scams perpetrated against sellers using on-line classified ads is common. Here is some information on typical scams. There are countless variations, so if it sounds suspicious it probably is. Do some research before agreeing to the deal.

### **Counterfeit Cashier's Check**

The counterfeit cashier's check scheme targets individuals that use Internet classified advertisements to sell merchandise. Typically, an interested party located outside the United States contacts a seller. The seller is told that the buyer has an associate in the United States that owes him money. As such, he will have the associate send the seller a cashier's check for the amount owed to the buyer.

The amount of the cashier's check will be thousands of dollars more than the price of the merchandise and the seller is told the excess amount will be used to pay the shipping costs associated with getting the merchandise to his location. The seller is instructed to deposit the check, and as soon as it clears, to wire the excess funds back to the buyer or to another associate identified as a shipping agent. In most instances, the money is sent to locations in West Africa (Nigeria).

Because a cashier's check is used, a bank will typically release the funds immediately, or after a one or two day hold. Falsely believing the check has cleared, the seller wires the money as instructed.

In some cases, the buyer is able to convince the seller that some circumstance has arisen that necessitates the cancellation of the sale, and is successful in conning the victim into sending the remainder of the money. Shortly thereafter, the victim's bank notifies him that the check was fraudulent, and the bank is holding the victim responsible for the full amount of the check.

Additional information regarding internet scams can be found at <http://www.ic3.gov/crimeschemes.aspx#item-3>

### Other Helpful tips

- Requests to overpay for an item and have excess money returned or given to a shipping company are almost always fraudulent -- **never do this without consulting with your bank first.** 99.9% of such requests represent an attempt at fraud; the scam is that the "buyer" sends you a fraudulent cashier's check, check, or money order, gets you to pay a part of it to either them or a third party which gives them the money, and then when the larger payment is discovered to be fraudulent and reversed by the bank, you are left out the money that was returned or given to the third party.
- Always use caution and your best judgment if presented with a deal which doesn't seem logical, and be sure to talk with your bank to be sure all checks and transactions have been completed, cleared, and verified before releasing any property.
- Be especially careful of any transactions from overseas where such transactions might be reversed after some time due to fraud.
- Notice poor grammar, lack of knowledge of local geography, incorrect location names, made-up or incorrectly formatted names, and numerically- or otherwise-generated throw-away email addresses as easy but usually correct indications of a scam attempt.
- Be very careful of buyers or sellers using free email addresses (hotmail, yahoo, etc.)
- Look at the IP address included with the contact form, or the headers of the email, and use <http://www.networksolutions.com/whois/index.jsp> to get a location of that IP address and see if it matches up with where the buyer says he is located (e.g. an IP that is assigned to Africa with a buyer that say's he is in Florida is a clear indication of a fraud attempt; likewise an IP address that is an open proxy most often indicates someone attempting a fraudulent communication)
- Contact the buyer or seller by (non-cell) landline phone as well as online to help confirm their identity.
- Always be sure payment is legitimate and that it has fully cleared and is non-fraudulent before releasing any property.

### Situations that should raise your suspicion of the buyer:

- asks to pay only some of the fee, offering to pay the rest sometime in the future. This is the old excuse from Popeye's friend Wimpy, who always could be heard saying, "I'll gladly pay you Tuesday for a hamburger today." Wimpy never paid Tuesday.
- sends you a cashier's check for more money than the agreed price "by mistake." In this scam, the buyer then asks you to repay him the difference by personal check, wire transfer, or money order—before you find out that the cashier's check didn't clear. Believe it or not, this scheme works because cashier's checks can be cashed before they bounce.
- sends you a cashier's check for the correct amount of money but then demands a refund, requesting that you repay with your own money. See the scheme above for how this trick works.