

2016 **CONSUMER
PROTECTION GUIDE**
for the careful consumer



State Representative
CLEM SMITH
DISTRICT 85

CLEM SMITH

State Representative • District 85

STATE CAPITOL • ROOM 105C
201 WEST CAPITOL AVE
JEFFERSON CITY, MO 65101-6806
(573) 751-4468
clem.smith@house.mo.gov



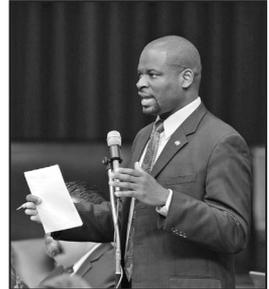
COMMITTEES

Utilities Select • Labor and
Industrial Relations Select
Elections • Utility Infrastructure
Workforce Standards and
Development
Joint Committee on Tax Policy
Missouri Multiple Sclerosis Task
Force

Dear Neighbor,

Whether it involves introducing a new law to protect our citizens or working to see that existing ones are enforced to the fullest, consumer protection is an important part of my job as your state representative.

There are, however, always those who will attempt to break the law, and that is why education is so important. I am keenly aware of the problems citizens of my District have faced regarding identity theft and other consumer crimes. That is why I am pleased to provide you with this new Consumer Protection Guide.



This guide outlines the areas in which consumers can take control of their personal information and provides tips to help keep you from being a victim.

For additional consumer protection information you may contact the Office of Attorney General at (800) 392-8222 or online at www.ago.mo.gov.

I hope this information will be helpful and that you will feel free to contact me whenever you have concerns or suggestions.

As always, it is an honor and privilege to serve you.

A handwritten signature in black ink, appearing to be "C. Smith".

SERVING ST. LOUIS COUNTY

Bellerive, Bel-Nor, Bel-Ridge, Berkeley, Beverly Hills, Breckenridge Hills, Charlack, Cool Valley, Glen Echo Park, Greendale, Hillsdale, Jennings, Normandy, Northwoods, Overland, Pasadena Hills, Pasadena Park, Pine Lawn, St. John, Sycamore Hills, Uplands Park, Velda City, Velda Village Hills, Vinita Park, Uncorporated St. Louis County

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*Representative Smith speaking
with Ann Brand of
St. Louis Community College.*



HOW TO HANDLE A COMPLAINT

When you have a complaint, first contact the business. Accurately describe the problem and what action you would like taken. Do you want your money back, a repair or exchange?

Keep a record of your efforts, including copies of all correspondence.

Complaint letter- what to say:

- Be brief.
- State your name, address, home or work phone number, and an account number if appropriate. Include date and place of purchase, who performed the service, product information such as serial or model number, and warranty terms.
- State the problem and how you want it corrected.
- Include copies of all supporting documents.

If you paid with a credit card, write that company. It might be able to resolve your problem about shoddy or nondelivered merchandise. If you are not satisfied with the results, file a formal complaint with the Attorney General's Office or your local Better Business Bureau.

You can get a consumer complaint form from the Attorney General's Office at ago.mo.gov or by calling the Consumer Protection Hotline at (800) 392-8222.

The BBB has offices in St. Louis (314) 645-3300, Kansas City (816) 421-7800, and Springfield (417) 862-4222).

The BBB also offers a free consumer arbitration service to settle disputes between businesses and consumers.

As a last resort, you can file a lawsuit in small claims court or seek legal action in other courts. Consumers who have a claim for up to \$5,000 can, without hiring a lawyer, file suit to recoup their money in small claims court.

USING CREDIT



You can build a credit history or improve your credit history. One way is to get credit and use it wisely. That takes time.

How can I get credit?

If you do not have credit, the best place to start is with a credit card.

Compare several credit cards. Apply for the one that gives you the best deal. Look for:

- a low annual fee
- a low APR, or annual percentage rate
- lower fees:
 - » if a payment is late
 - » if you go over your credit limit
- a long grace period. This is the time between when you spend money and when the card charges you interest. Look for one that is at least 25 days long

If you cannot get a regular credit card, try to get a secured credit card. Apply only for cards that report your history to the three credit reporting companies.

Look for a secured card with:

- no application fee
- a low APR, or annual percentage rate
- lower annual fees
- no processing fees
- higher interest rates on the money you deposit

How can I improve my credit?

You can use credit to build and improve your credit history.

- Use your credit card a few times a month.
- Buy things you can pay for that month.
- Pay the whole credit card bill every month. Do not leave a balance on your card.
- Pay your bill by the date it is due. Paying even one day late will cost you money.

People who do this start to see a better credit history. But it takes time.

Other scams

Consumers looking for an easy fix often are targets of other credit-related scams:

- Credit by phone: Pay-per-call or 900-number services have become a popular vehicle for credit scams. Advertisements promise that “guaranteed” credit or cash loans are only a phone call away. Instead, the caller might only receive a list of banks offering low-interest credit cards or a booklet on how to establish credit and a phone charge of \$50 or more. Consumers rarely end up getting credit.

- **Gold or platinum cards:** Beware of promotions for gold or platinum cards that promise to get you credit and build your rating. Although they may sound like all-purpose credit cards, some cards only permit you to buy merchandise from special catalogs and will not help you obtain other credit. You also might be asked to call a 900 or 976 exchange number for more information. These phone charges add up quickly.
- **Checking-account scam:** This scam, which tricks you into disclosing your checking-account number, typically begins with a postcard advertising easy credit approval or low-interest credit card rates. When you call, you are asked for your checking-account number as “verification.” Your number then can be magnetically encoded on a draft, which is forwarded to your unsuspecting bank for payment from your account.

(Never give out your bank account or credit-card number unless you know the company is reputable.)

Taking control of credit

If you need help paying your bills, you have several options:

- Contact your creditor and try to work out an adjusted repayment plan.
- Check your telephone directory for nonprofit financial counseling programs. Some universities, county extension centers, military bases, credit unions, housing authorities and banks operate programs and charge little, if anything, for assistance.
- Contact Consumer Credit Counseling Service (CCCS), a nonprofit agency that has more than 20 offices throughout Missouri. Debt counselors will try to arrange a repayment plan that is acceptable to you and your creditors and will set up a budget for you. Call (800) 388-2227 for the nearest CCCS office.

CREDIT-REPAIR SCAMS

Companies’ promises to “fix” your bad credit rating or to erase your bad credit usually are nothing more than ways to take your money.



Business is brisk among these so-called “credit-repair” companies that charge \$50 to more than \$1,000 to fix your credit report. In many cases, these outfits take your money, do little or nothing to improve your credit report and then vanish.

There are no quick or easy fixes for a poor credit history. If a company promises to clean up your credit report, remember:

- Your credit history is maintained by private companies called credit bureaus that collect information reported to them by banks, mortgage companies, department stores and other creditors.
- Only time will heal a poor credit history- even if your problems were due to illness or unemployment.
- Credit reporting agencies are permitted by law to report bankruptcies for 10 years and other negative information for seven years. Any negative information may be reported indefinitely if you apply for:
 - » \$150,000 or more in credit.
 - » A life insurance policy with a face amount of \$150,000 or more.
 - » A job paying \$75,000 or more.

If there are genuine mistakes or outdated items in your report, you can fix them yourself- for free or for only a few dollars.

Your credit file: Errors, disputes and accounts

Correcting errors in your credit file

You have the right, under the Fair Credit Reporting Act, to dispute the completeness and accuracy of information in your credit file.

When a credit-reporting agency receives a dispute, it must reinvestigate and record the current status of the disputed items within a reasonable period of time, unless it believes the dispute is “frivolous or irrelevant.”

If the agency cannot verify a disputed item, it must delete it. If your credit report contains erroneous information, the agency must correct it. If an item is incomplete, the agency must complete it. For example, if your file showed late payments, but failed to show you no longer are delinquent, the agency must show that your payments are now current. Or if your file listed an account that is not yours, the agency would have to delete it

Also, at your request, the credit-reporting agency must send a notice of correction to anyone who has checked your file in the past six months.

If a reinvestigation does not resolve your dispute, the Fair Credit Reporting Act permits you to file a statement of up to 100 words to explain your side of the story. That explanation must be included in every report the agency sends.

**St. Louis Better Business Bureau Report of 2012
Consumers paid an average of \$816 to credit repair
companies, but 85% of the complainants said no services
were provided by companies**

Registering a dispute

To dispute information in your credit report, directly notify the credit-reporting agency. Submit your dispute in writing, along with copies (not originals) of documents supporting your position.

Besides providing your complete name and address, your letter should clearly identify each disputed item, explain why you dispute the item, and request deletion or correction. You may want to enclose a copy of your report with the questionable items circled.

Send your dispute by certified mail - return receipt requested. Keep copies of your dispute letter and enclosures to document what the agency received.

Adding accounts to your file

While most national department store and all-purpose bank credit card accounts will be included in your file, not all creditors supply information to agencies. These may include travel, entertainment and gasoline card companies, local retailers, and credit unions.

If you were denied credit because of an “insufficient credit file” or “no credit file” and you have accounts not listed in your file, you can ask the credit-reporting agency to add this information to future reports. Although they are not required to do so, many agencies will add other verifiable accounts for a fee.

Credit repair scams

Spotting credit-repair scams

Be leery if you are tempted to contact a credit-repair company. The Federal Trade Commission and several attorneys general have sued credit-repair companies for falsely promising to remove bad information from credit reports. Here are tips to follow:

- Email **consumer@ago.mo.gov** or contact the Attorney General’s Consumer Protection Hotline at (800) 392-8222 to check for complaints made against a company.
- Avoid companies that tell you truthful information can be changed or erased to improve your credit or that only the credit-repair company can remove old or inaccurate information. These claims are false.
- Be wary if you are asked for a large sum of money before the credit-repair company completes the job. A money-back guarantee will not protect you from a disreputable company.

Avoid new credit identities

If you have filed for bankruptcy, you may be the target of a credit-repair scheme, often called “file segregation.” Here, you are promised a chance to hide unfavorable credit information by establishing a new credit identity.

However, there is a problem: File segregation is illegal. If you use it, you could face fines or imprisonment.



SHOPPING ONLINE

Shopping on the Internet offers competition, bargains and convenience, but there are dangers. To protect yourself while shopping:

Compare prices and offers at multiple websites.

- Many “e-tailers” offer free or low-priced shipping.
- Search online for coupons and rebates. Many online retailers will ask for coupon codes at checkout, offering anything from discounts to free shipping.
- Check out refund and exchange policies. There is no law that requires a retailer to accept returned merchandise.
- Double-check your order before clicking the purchase button. Make sure the quantity and total price are correct.
- Pay by credit card. You will have a better chance of disputing the charges if you need to.
- Print out your purchase order with confirmation number.
- Be aware that if you make online purchases, your electronic mailbox often will receive more commercial emails. Check a retailer’s privacy policy to see if you can opt out of receiving such email or having your information shared with third parties.

Enter your credit card number only on secure websites.

Addresses that start with **https://** - not **http://** - are good indicators of a secure site. Look for the picture of a locked padlock.

***Top referred consumer complaint in Missouri 2009 -
Nondelivery of merchandise***



IDENTITY THEFT



What is identity theft?

Identity theft is the crime of misusing someone's personal information to fraudulently set up bank accounts and credit facilities without that person's knowledge. Someone else pretends to be you to obtain credit, take out a loan, open an account, set up services or obtain identification.

How does a thief steal my identity?

Identity thieves can obtain your personal information in several ways:

- “Dumpster diving”- going through your trash looking for information
- Stealing your mail
- Stealing your wallet or purse
- “Skimming” your debit or credit card numbers- stealing through a data storage device like an ATM or actual transaction
- “Phishing”- sending an email or calling on the telephone falsely claiming to be a legitimate company, agency, bank or organization in order to entice potential victims to divulge personal information
- Obtaining your credit report- posing as an employer or landlord
- “Business record theft”- stealing hard files, hacking into electronic files or bribing an employee for access to files
- Diverting your mail to another location- filling out a “change of address” form
- “Pharming”- rerouting you to a copycat website when you type in a legitimate bank or e-commerce website in order to obtain your personal information

How do I know if I am a victim of identity theft?

Most people discover their identifying information has been stolen when they apply for credit, such as a loan or credit card, and get denied. Some discover charges on their credit card or debit card they don't remember making. Other red flags may be your credit card bills or other mail stops coming, you find something incorrect on your credit report, a debt collector calls about a debt you don't owe and didn't know about or you are wrongly accused of a crime.

US Census Bureau Statistic
Identity theft complaints from 2010
Nationally - 250,854
Missouri - 3,920

What can I do to prevent identity theft?

There are several things you can do to prevent having your identity stolen:

- Use a paper shredder to destroy financial documents or other documents with personal information
- Don't carry your social security card with you or write it on a check. Place the card in a safe place, only give it out when absolutely necessary and ask to use another identifier for accounts
- Change your passwords every 60 days and make them "strong" (more difficult to "crack") by using a combination of uppercase, lower case, numbers and symbols. Avoid using your birth date, mother's maiden name, last four digits of your social security number or other obvious identifying words or numbers
- Order a free copy of your credit report from each of the three credit bureaus each year: Experian, Transunion and Equifax. It contains information about what credit accounts have been opened in your name, as well as where you live and work, how you pay your bills, if you've been sued, arrested or filed for bankruptcy. You are entitled to one free report each year from each of the three major bureaus
- Watch your billing cycles closely. If a bill is late, check with your creditors to see why it has not arrived; and watch for any unauthorized charges or unexpected account statements
- Have your mail sent to a post office box or get a locking mailbox. Also take outgoing mail to the post office
- Only use a secure connection on the internet when sending credit card numbers or other personal information. The cite should begin with "https" with "s" meaning "secure"
- Use virus protection and a firewall program to prevent your computer from being accessed by others, and keep them up to date. Don't download files or click on links from unknown sources; instead type in a web address you know. Also, unplug your Internet when you're not using it
- Keep your personal information in a secure place at home, especially if you have roommates, employ outside help or are having work done at your house

- Opt out of pre-approved credit card offers and receive fewer solicitations at home by calling (888) 567-8688 or visiting ***optoutprescreen.com***

How do I get my free annual credit reports?

Each of the major nationwide consumer reporting companies are required by the federal Fair Credit Reporting Act to provide you with a free copy of your credit report, at your request, once every 12 months. Do not contact the three nationwide consumer reporting companies individually; they provide free annual credit reports only through the following 3 methods:

To obtain a free copy of your report:

- Visit ***annualcreditreport.com***
- Call toll-free (877) 322-8228, or
- Complete the Annual Credit Report Request Form at ***ftc.gov/credit*** and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

You are also entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance or employment, and you request your report within 60 days of receiving notice of the action.

What do I do if I suspect I'm a victim of identity theft?

- Order a copy of your credit report from one of the three credit bureaus. Check for credit accounts that you have not opened or if it contains other incorrect information
- Place a fraud alert on your credit report, which tells creditors to follow certain procedures before they can open new accounts in your name or make changes to existing accounts (calling and alerting one bureau will place an alert to all three)
- Close any accounts that you think have been tampered with or opened fraudulently
- Call the security or fraud departments of each company where an account was fraudulently opened or changed without your permission; follow up in writing with documents that support your claim
- Complete a Victim's Complaint and Affidavit by going to ***ftc.gov/idtheft*** and using the affidavit provided to support your written statement

What do I do once I know my identity has been stolen?

1. File a police report with your local police or sheriff's department
2. Close any accounts that have been tampered with or opened without your knowledge

3. Call the 3 credit reporting bureaus and place a fraud alert or security freeze on your credit file
4. Review your credit report for accounts you didn't open, debts you didn't know about, inquiries from companies you don't know and other inaccurate information
5. Dispute any fraudulent charges or accounts
6. Block any fraudulent information from your credit report
7. File a complaint with the Federal Trade Commission and the Attorney General's Office
8. Use new account numbers and change all your passwords
9. Keep track of your actions and save copies of all your correspondence

Should I use a credit monitoring service?

There are a variety of commercial services that, for a fee, will monitor your credit reports for activity and alert you to changes to your accounts. Prices and services vary widely. Many of the services only monitor one of the three major consumer reporting companies. If you're considering signing up for a service, make sure you understand what you're getting before you buy. Also check out the company with the Better Business Bureau and the Consumer Protection Division of the Attorney General's office to see if any complaints are on file.

CONSUMER RESOURCES

Federal Trade Commission

ID Theft Clearinghouse
Washington, DC 20580
ftc.gov
(877) 438-4338

MO Attorney General's Office

P.O. Box 899
Jefferson City, MO 65102
ago.com
800-392-8222

Better Business Bureau

For a BBB in your area go to the website below.
usa.gov/directory/bbb/missouri.shtml

SWEEPSTAKES

Sweepstakes are popular contests that offer you a chance to win a prize - and offer merchants potential customers such as yourself.

But it is against the law for merchants to offer you a better chance of winning if you buy their products. It

**YOUR WISH
IS OUR
COMMAND
SWEEPSTAKES**

also is unlawful for merchants to suggest that buying their products might increase your chances of winning.

First, get the facts

Before filling out a sweepstakes entry form, look for a sweepstakes facts box such as the one below. Some sweepstakes companies include a facts box, which will tell you how to enter without placing any order and what your odds are of winning.

Sweepstakes facts		
Prize	Giveaway number	Ending date
\$10 million	830	1-31-03*
\$1 million	825	1-31-03

Estimated odds of winning
1 in 100,000,000
1 in 60,000,000

*Winner may be determined earlier. See official rules for details.

You have not yet won. All entries have the same chance of winning. The winner has not been identified. We don't know who the winner is. If you enter our sweepstakes, your entry will have the same chance to win as every other entry. Enter as often as you like. You don't have to wait for us to mail you an entry form. You may submit additional entries simply by writing us af [specify address.] Each time you write to us you will be entered once in each ongoing sweepstakes. Each entry request must be mailed separately.

Buying won't help you win. Your chances of winning without a purchase are the same as the chances of someone who buys something. It would not be lawful to give any advantage to buyers in a sweepstakes. Enter for free. You don't have to buy anything to enter. Just mail the entry form included in this mailing or follow the instructions in the official rules.

Read the fine print and beware

Before entering a new sweepstakes, read the rules. There may be information you need to know.

- Some merchants use sweepstakes promotions to get “leads” for future sales contacts. By entering, you could be agreeing to receive a telemarketing call or some other sales contact.
- Make sure you are eligible. Some merchants advertise sweepstakes to everyone, but may require entrants to have a minimum income level or be employed. Some also require entrants to attend a sales

meeting to claim a prize. If you don't meet the eligibility requirements, you might not qualify for the prize.

- Look for hidden fees on prizes. Some travel prizes require processing fees or deposits and many savings coupons require purchases to redeem the full value of the coupons.
- Don't pay for a phone call to enter. If you are asked to call a telephone number to enter a sweepstakes, make sure it is toll-free.

How to tell difference between sweepstakes, other promotions

Skill contests: Some companies conduct contests that require skill to win, such as those involving crossword puzzles, essays, math problems or athletic ability. Since these contests are based on skill and not pure chance to win, companies can require "judging fees" or a purchase to compete. In these contests, winners must outperform other contestants.

Premium offers: Some companies offer bonus items, but require a purchase or a handling fee to receive the items. A company cannot claim that these items are "prizes" or "awards."

Report fraud, decrease sweepstakes offers

- **Report fraud**

Report any suspicious sweepstakes and other offers to the Attorney General's Office. E-mail or call the Consumer Protection Hotline at (800) 392-8222.

- **Stop sweepstakes mail**

Federal law requires companies to stop mailing sweepstakes offers if you make a request. Write the companies and request that they remove your name and address from their mailing lists. Remember to include your name and address as they appear on mail sent by those companies.

- **Remove name from more mailing lists**

Write to Mail Preference Service and ask that all members of the Direct Marketing Association remove your name and address from DMA members' mailing lists:

DMA Mail Preference Service

P.O. Box 643

Carmel, NY 10512



TRAVEL SCAMS

Beware of free vacation offers

If you receive a phone call or postcard offering a free vacation, beware. There's a good chance your dream vacation may turn into a real nightmare if you aren't careful.

The hook used in a free vacation scam

In some travel scams, the consumer is sent a postcard saying he has won a free vacation. In others, the "vacation" is one of several prizes in a sweepstakes. In most cases, the consumer is required to call a number for more details or to "claim" the prize.

In one version of the scam, the consumer is told he will receive a package in the mail detailing the vacation offer. The operator then asks for his credit card number, saying there will be a small service charge made to his account if he accepts the vacation. The consumer is assured he will have a review period to decide if he wants the package before his account is billed for the service charge. This promise usually proves to be false.

According to calls made to the Attorney General's Consumer Protection Hotline, these companies are slow in sending the vacation package materials and when they do arrive, the review period already has expired. The firm quickly bills the consumer's credit card for hundreds of dollars for its "service fee."

Other travel scams

In other scams, a consumer is offered a "dream vacation" for an incredibly low price. After the consumer agrees and discloses his credit card number, he learns the catch: To qualify he has to buy a second round trip fare at "regular price" - only this price may cost two or three times more than it would if he bought his ticket in advance or from an airline or reputable travel agency.

In other instances the salesperson fails to mention that the "free" vacation doesn't include meals, taxes, deposits or surcharges.

In a similar scam, consumers win a "free" vacation when they pay several hundred dollars to join a travel club. The problem? When the consumer picks dates and tries to book the trip, he is told all of those dates are unavailable or already booked.

A similar twist played by some con artists involves selling consumers “discount travel packages.” What the consumer actually buys, however, may be a book containing coupons and discounts available for free to all vacationers from chambers of commerce and business promoters.

The end result in vacation scams is when you finally are ready to take the trip, the company has disconnected its phones, moved or closed without notifying you or issuing a refund.

Avoiding travel scams

Tips to avoid becoming the victim of a travel scam

- Don't give your credit card number to any person or business unless you expect to be charged for a product or service.
- Be wary of ads that have few details and promise a lot for little money.
- Be cautious of firms that ask you to pay before confirming reservations. Most reputable travel agents will confirm before payment.
- Deal with an established firm. If a firm is unfamiliar to you, check with relatives, friends or the BetterBusiness Bureau.
- If you are unfamiliar with the firm, request written information on total cost of the vacation and all items included. Any transportation, lodging, meals or other items not specifically mentioned may not be included.
- Ask about your right to cancel. If you get ill or change plans you could end up paying for a trip you never take. Also inquire about the availability of cancellation insurance.
- Be wary of vacation offers that are “good today only.”

Remember, the better a vacation package sounds the more thoroughly you need to verify the package's details.

VACATION TIMESHARES

Missourians sometimes are targeted by real estate developers and resort communities to buy vacation timeshares, an arrangement in which consumers buy vacation homes, usually in a resort area, for a specific length of time each year.



The property, which typically consists of condominiums, apartments, lodges, cabins or hotel rooms, sometimes is sold by salespersons using high-pressure tactics and misleading advertising. Sometimes, the timeshare property

may be a campground where members must provide their own campers or recreational vehicles.

A timeshare often carries with it a potential for liability for the owner or member. Be sure to obtain and read any restrictions and covenants filed with the recorder of deeds in the county where the timeshare resort is located.

Also, read the bylaws and rules and regulations. Sometimes, timeshare owners and members are subject to “special assessments” in addition to annual maintenance fees.

If you do not understand the full extent of your liability as a member or owner, consult an attorney before buying.

Also, beware of subsequent amendments to these documents. They may affect your liability.

Buyer protections for consumers when purchasing a timeshare

Under state law, timeshares are defined as merchandise and fall within the guidelines of Missouri’s Merchandising Practices Act, Chapter 407, Missouri Revised Statutes.

Use of any deception, fraud, false pretense, false promise, misrepresentation, unfair practice or concealment of fact by a person in connection with the sale of timeshares is subject to civil and criminal penalties that may be brought by the Attorney General.

Major provisions of a state law protecting buyers are:

- A five-day right of rescision. If a consumer signs a contract to buy a timeshare and then changes his mind, he has five days to cancel. The cancellation must be in writing, and cancellation is effective when the letter is postmarked. According to state law, the seller must give the buyer an 18-point, boldface printed notice of the right to cancel at the time of purchase.
- Follow through on promotional offers. The name of the business entity and all timeshare operations involved in the promotion must be included in promotional literature. This material also must contain the deadline by which all prizes are to be awarded, the odds of winning each prize and the manufacturer’s suggested retail price for each prize.

- Delivery of promised gifts. When the seller uses free offers or other promotions when soliciting, the seller must deliver any promised gifts or an acceptable substitute gift or cash in an amount equal to the retail value of the gift offered within 10 days of when promised. The seller also must make available to the public a list of names and addresses of all winners. If the seller fails to provide the buyer with a promised gift, the buyer can sue.
- Explanation of timeshare exchange plans. Exchange plans usually involve trading a vacation at one timeshare facility for a vacation in another location. Limitations, restrictions or priorities regarding exchange programs must be outlined for the buyer. For example, the timeshare operator must tell a buyer if a Lake of the Ozarks vacation can be exchanged for an Alaska vacation only during December.

Typical complaints from consumers when purchasing a timeshare

Complaints range from disappointment with a prize and high-pressure sales tactics to outright deception and fraud. Typical complaints include:

- Not informing consumers they must listen to a lengthy sales pitch before receiving their “prizes.”
- Misrepresenting the facility’s physical condition.
- Misrepresenting the facility’s market value.
- Misrepresenting the facility’s resale or exchange potential.
- Making oral promises that were omitted from the written contract.
- Including fees and obligations in the contract that never were mentioned orally.

AFFINITY FRAUD

What is affinity fraud?

Affinity fraud scams prey on our natural desire to trust people with whom we have something in common. Whether it’s religion, ethnicity, age or a social interest, the fraudsters promoting an affinity scam either are, or pretend to be, members of your “group.” That affiliation provides an automatic measure of trust to get your attention.

Scammers will play the loyalty angle for all it’s worth in order to get your money and keep you from



questioning what you are being told. Because of the tight-knit structure of many groups, it can be difficult for regulators or law enforcement officials to detect an affinity scam. Often victims try to work things out within the group, without notifying authorities or pursuing legal options.

How to avoid being a victim

The U.S. Securities and Exchange Commission (SEC) website offers these tips to avoid affinity fraud:

- Check out everything - no matter how trustworthy the person seems. The person telling you about the investment may have been fooled into believing that the investment is legitimate when it is not.
- Never make an investment based solely on the recommendation of a member of an organization or religious or ethnic group to which you belong.
- Investigate the investment thoroughly and check the truth of every statement. Don't fall for investments that promise spectacular profits or "guaranteed" returns. If an investment seems too good to be true, then it probably is.
- Promises of fast and high profits, with little or no risk, are classic warning signs of fraud.
- Be skeptical of any investment opportunity that is not in writing. Avoid an investment if you are told they "do not have the time to reduce to writing" the particulars about the investment. You should also be suspicious if you are told to keep the investment opportunity confidential.
- Don't be pressured or rushed into buying an investment before you have a chance to think about- or investigate- the "opportunity." Be especially skeptical of investments that are pitched as "once in a lifetime" opportunities, particularly when the promoter bases the recommendations on "inside" or confidential information.
- Fraudsters are increasingly using the Internet to target particular groups through e-mail spams. If you receive an unsolicited e-mail from someone you don't know, containing a "can't miss" investment, your best move is to pass up the "opportunity" and forward the spam to the SEC at ***enforcement@sec.gov***.
- Other ways affinity fraud occurs: Investment scams are not the only way affinity fraud can occur. Telephone solicitors, fly-by-night home repair outfits, false charities and door-to-door salespeople often try to establish an affinity with you in order to get access to your money. If you are interested in learning more, the Missouri State Attorney General's

Office publishes the Missouri Consumer Fraud Guide, which can be an excellent resource.

August 2014 - One case of affinity fraud in Missouri resulted in \$630,000 repaid to eight people.

Secretary of State

PROTECTING MISSOURI SENIORS



The Attorney General's Office aggressively works to protect the rights of Missouri's senior consumers. The Consumer Protection Division prosecutes those who prey on seniors and provides educational brochures and speakers for groups.

Most businesses are ethical in their dealings with Missouri seniors. However, there are some con artists who deliberately target seniors, hoping to take their money before they are exposed. Common scams against seniors are home repair fraud, door-to-door sales, travel scams and telemarketing fraud.

To reduce telemarketing calls, seniors can join the No Call Team.

The Attorney General also has launched a Check a Charity program where hundreds of charities have voluntarily filed with the Attorney General's Office to provide financial information such as administrative costs. Before giving, get more information on charitable giving.

The Attorney General's Medicaid Fraud Control Unit also prosecutes abuse and neglect of nursing home residents as well as health-care professionals who defraud the Medicaid program. To report possible Medicaid fraud or abuse and neglect of nursing home residents, call (800) 286-3932 or e-mail (Attention: Medicaid Fraud Control Unit). Please include your name, phone number and a brief description of the situation.

- AARP lobbies for and promotes programs and issues of interest to seniors.
- Silver Haired Legislature is a formally elected, volunteer body of citizens 60 years of age and older who promote conscientious legislative advocacy for Missouri's older adults.
- Toll-free 24-hour Elder Abuse/Neglect Hotline: (800) 392-0210
- The Missouri Department of Health and Senior Services' Hotline helps identify seniors who are being neglected, abused or exploited. The

hotline quickens the pace of the investigation and assists all adults whether they live at home or in a nursing home.

- Missouri Department of Health and Senior Services provides advice and counsel to enhance seniors' quality of life, independence and dignity.
- Missouri Senior Rx Program signs up eligible seniors for Missouri's prescription drug programs.
- Senior Citizens Handbook provides information on laws and programs affecting Missouri's seniors. Published by Legal Services of Eastern Missouri, the handbook includes information on wills, power of attorney, financial assistance and health care.
- Nursing Home Compare provides detailed information about the past performance of every Medicare and Medicaid-certified nursing home in the country.
- Missouri Lieutenant Governor's Office: The lieutenant governor is Missouri's official senior advocate.
- Missouri Veterans Commission: Call toll-free (866) 838-4636 to see what benefits and services are available for eligible veterans and spouses.
- Missouri sheriffs and police chiefs.
- Missouri Department of Insurance provides information on Medicare and Medicare supplemental Insurance.
- Missouri Bar Association provides free brochures to the public on legal matters such as probate, wills, bankruptcy and finding legal help.
- Federal Citizen Information Center: (800) 333-4636. Provides phone numbers and general information about federal agencies and programs.
- AARP's Consumer Protection Team provides a seminar on identity theft prevention.

FILE A COMPLAINT

Seniors who think they have been defrauded should call the Consumer Protection Hotline at (800)392-8222 or fill out a consumer complaint form. They can obtain information by emailing the Attorney General's office at consumer@ago.mo.gov or go online at ago.mo.gov/consumer-protection.htm

GOVERNMENT CONSUMER PROTECTION WATCHDOGS

The **Missouri House of Representatives** looks out for consumers by:

- Indexing bills under the heading “CONSUMER PROTECTION”. Check out our “Bill Information” page online at www.house.mo.gov and click on “Subject Index”
- Assigning bills on consumer issues to the Banking, Commerce, Consumer Affairs, General Laws, and Small Business committees, among others
- Keeping a file of Missouri-related consumer protection news stories. Call our Legislative Library at (573) 751-4633 to ask for their most current news and to learn about the status of consumer protection bills in this year’s session of the General Assembly

The **State of Missouri** maintains consumer protection programs in the following agencies, among others:

- Attorney General
Consumer complaints in general
- Agriculture Department
Weights and measures; commodity quality; fuel quality
- Insurance, Financial Institutions and Professional Registration Department
Three divisions handle consumer complaints about insurance, banks, and regulated professions
- Highways and Transportation Commission
Household goods movers
- Secretary of State
Securities

A comprehensive page of resources can be found online at: www.mo.gov/home-family/consumer-protection



*Representative Clem Smith and
Representative Karla May speaking
on Right to Work.*

*Representative Tommie Pierson (L),
Representative Clem Smith (C),
and Governor Jay Nixon (R)*



CONSUMER PROTECTION BOOKLET

Missouri House of Representatives

CLEM SMITH

State Representative • District 85

House Post Office - State Capitol

201 West Capitol Avenue

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