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March 8, 2010

**ATTORNEY GENERAL MADIGAN OFFERS RESOURCES TO PROTECT SENIORS
IN TOUGH ECONOMIC TIMES**

***New Consumer Protection Initiatives Kick off
National Consumer Protection Week***

Chicago — Attorney General Lisa Madigan marked the beginning of National Consumer Protection Week today by announcing her office's resources to help older Illinoisans survive the economic downturn and avoid scam artists. She introduced a guide for protecting seniors in the current financial crisis and launched a program to educate seniors to identify and avoid consumer fraud.

Following the Federal Trade Commission's national theme of *Dollars & Sense: Rated "A" for All Ages*, the Attorney General's office is using National Consumer Protection Week to focus on the financial challenges and scams that seniors face in a volatile economic climate.

"Although the recession has affected everybody, older Illinoisans living on fixed incomes are often targets of scams," said Madigan. "It is important that Illinois seniors have the information and resources they need to fight consumer fraud and deal with financial hardships. My office is focused on providing seniors with these resources."

Attorney General Madigan has created "*Every Cent Counts – for Senior Citizens*," a guide designed to help seniors spot and avoid fraud and understand their consumer rights and options so that they can make the most of existing dollars and safeguard their finances. The guide provides information for seniors facing credit and debt problems or difficulty paying their home mortgages, as well as details on how to assess whether a reverse mortgage is a legitimate option, and how to combat identity theft. It also explains how seniors can identify and avoid scams associated with debt settlement, counterfeit checks, mortgage rescue fraud and secret shopper offers. Interested individuals can access the guide – which is available in English and Spanish – on the Attorney General's Web site at www.illinoisattorneygeneral.gov or by calling 1-800-386-5438 to request a copy by mail.

Also today, Attorney General Madigan launched, *Silver Beat*, a consumer education program that she has created as another avenue to ensure that seniors have the knowledge necessary to protect themselves from con artists and deceptive practices. Far too often, scam artists perceive seniors as vulnerable and relatively wealthy due to their ability to access home equity, retirement accounts and pensions. As a result, seniors are often the target of a wide range of scams, exploitation and fraud. Through the *Silver Beat* program, the Attorney General's office will offer educational seminars for seniors throughout Illinois to recognize and avoid scams. *Silver Beat* participants can then pass the information along to educate other seniors in their communities about how to avoid consumer scams, including debt settlement traps, fake check cashing scams, risky reverse mortgages and health care fraud.

"One of the smartest actions we can take is to provide seniors with detailed information on how to avoid fraud and ask them to pass that knowledge along to other seniors," said Attorney General Madigan. "Over the coming months, my office will be reaching out to seniors through organizations and senior centers across the state. We are looking forward to making this program a vital component of our overall efforts to protect consumers and help all Illinoisans cope with these difficult economic times."

Seniors interested in learning more about this program or attending or hosting a Silver Beat program, should contact Erin Ruebbelke, in the Attorney General's office at 217-557-1982 or e-mail her at eruebbelke@atg.state.il.us.

For information on all consumer issues, consumers can visit Madigan's Web site at www.illinoisattorneygeneral.gov or call one of the Consumer Fraud Hotlines listed below.

Consumer Fraud Hotlines:

Chicago: 1-800-386-5438

Springfield: 1-800-243-0618

Carbondale: 1-800-243-0607

Spanish Language Hotline: 1-866-310-8398

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EVERY CENT COUNTS

for senior citizens

**TIPS TO PROTECT YOU &
YOUR POCKETBOOK IN
TOUGH ECONOMIC TIMES**



LISA MADIGAN
ILLINOIS ATTORNEY GENERAL

Help for
Homeowners

Credit
Cards

Credit
Reports

Debt Collection
& Settlement

Payday
Loans

Tax Refund
Loans

Identity
Theft

Fake
Check
Scams



EVERY CENT COUNTS

Every cent counts when you're living on a fixed income, especially in today's economy. Understanding your rights and options as a consumer is the key to making the most of your dollar and safeguarding your finances. We created these fact sheets to help you develop that understanding. In them you will find information about the ins and outs of reverse mortgages, protecting yourself from identity theft, how to avoid counterfeit check scams, and more.

Not all financial difficulties can be avoided, but many can be overcome. If you're in a financial crisis, your situation does not have to go from bad to worse. The Attorney General's Office is here to help you. For assistance, please contact us at the numbers below. For more information on these and other topics, please visit our Web site.

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Carbondale

1-800-243-0607
TTY: 1-877-675-9339

Senior Fraud Helpline

1-800-243-5377
TTY: 1-800-964-3013

Homeowner Helpline

1-866-544-7151 (Voice/TTY)

ID Theft Hotline

1-866-999-5630
TTY: 1-877-844-5461
Español: 1-866-310-8398



Struggling to Pay Your Mortgage?

Here's what you should do

FIRST:

Reach out for help now! Free help is just a phone call away.

- ✓ Call the ILLINOIS ATTORNEY GENERAL'S **HOMEOWNER HELPLINE** at **1-866-544-7151** for referrals to housing counselors to receive FREE help. Attorney General staff will discuss your options with you. You can also find a list of housing counselors certified by the U.S. Department of Housing and Urban Development (HUD) who will help you for FREE at the Illinois Attorney General's Web site: www.IllinoisAttorneyGeneral.gov.
- ✓ You can also call the national HOPE FOR HOMEOWNERS hotline at 1-888-995-HOPE for free advice on programs that are offered by lenders if you are behind on your mortgage.
- ✓ Find out how President Obama's new plan to save homes can help you by visiting this Web site: www.makinghomeaffordable.gov.

SECOND:

Gather up your financial information. For help gathering all of your financial information, please take a look at our fact sheet, *Homeowners in Crisis: Make the Call*.

- ✓ Be prepared to discuss your current income. It will help if you have your last two pay stubs available.
- ✓ Know all your current expenses.
- ✓ Be prepared to explain why you are behind on your mortgage payments.

THIRD:

Beware of mortgage rescue scams.

- ✓ Beware of companies that promise they can save your home but demand upfront payments for these services.
- ✓ Remember: Free help is available.
- ✓ Call the Illinois Attorney General's Homeowner Helpline at 1-866-544-7151.
- ✓ Don't send your mortgage payments to anyone but your lender.

Remember: If you are in trouble on your mortgage, reach out now. Free help is just a phone call away. Don't delay.



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A Reverse Mortgage: Is it Really Right for You?

As the cost of living continues to rise, many senior citizens living on fixed incomes find that they need more cash to cover their expenses. A reverse mortgage, if utilized properly, can be a valuable tool to help older homeowners access the equity in their homes and use that money to meet rising costs. A reverse mortgage is not suitable for everyone, however. You must carefully evaluate your circumstances before entering into a reverse mortgage agreement—there may be other options that better fit your individual needs. You should also be on the lookout for predatory lenders and scam artists whose sole purpose is to cash in on the hard-earned equity in your home.

What is a reverse mortgage?

A reverse mortgage is a unique type of loan that allows a homeowner to turn part of the equity in his or her home into cash without having to make any payments for as long as the homeowner lives there. With a traditional mortgage, you make monthly payments to a lender. Over time, the amount of money you owe on your home decreases, while your equity in the home increases. With a reverse mortgage, the opposite happens: You draw out money from the equity you have built up in your home, so over time your debt increases and your equity decreases.

With a reverse mortgage, you no longer make monthly payments to the bank. Instead, the bank pays you. You can decide how you want to draw out the money - either in one lump sum, a fixed amount every month, a line of credit, or a combination of these payment methods. Typically, you are not required to pay back the reverse mortgage for as long as you live in the home. The bank is repaid the loan balance when you sell the home, move out of the home, or when you pass away. It is important to note that you still own the home even though you have taken out a reverse mortgage. You are therefore free to leave the home to whomever you choose. However, when your heirs inherit the home, the amount left owing on your reverse mortgage must be repaid. If the amount left owing is equal to 100 percent of the home's value, your heirs will be left with nothing.

Unlike a traditional mortgage, reverse mortgages have no income or credit qualifications. The amount of money you can borrow with a reverse mortgage depends on several factors, including your age, the type of reverse mortgage product you select, the appraised value of your home, and current interest rates. Generally, the older you are and the greater the value of your home, the more money you will be able to borrow.

What are the different types of reverse mortgages and how do I qualify?

There are three types of reverse mortgages: **Single-Purpose Reverse Mortgages**, **Proprietary Reverse Mortgages**, and federally-insured reverse mortgages, also called **Home Equity Conversion Mortgages (HECM)**.

Single Purpose Reverse Mortgages are usually granted by state and local government agencies and nonprofit organizations to homeowners with low to moderate incomes. These loans usually have very low costs but are not available everywhere, and typically they can be used only to help the homeowner pay for things such as home improvements and property taxes.

Proprietary Reverse Mortgages are private loans and are offered by banks, mortgage companies, and other private lenders. Proprietary Reverse Mortgages are almost always the most expensive type of reverse mortgage, but if your home has a high value, these loans may provide larger cash advances than a HECM.

Home Equity Conversion Mortgages (HECM) are loans backed by the Federal Housing Administration (FHA) and are the only kind of federally-insured reverse mortgage. As the insurer, the FHA tells HECM lenders how much they can lend to you based on your age, the value of your home, and current interest rates. HECM loans are available in all 50 states and generally offer the widest array of cash-advance choices. The vast majority of reverse mortgages are provided under the HECM program.

How do I qualify?

To qualify for a HECM—and for most reverse mortgages—you must:

- Be at least 62 years of age;
- Own the home; and
- Live in the home as your principal residence.

Additionally, your home must meet minimum FHA property standards.

What obligations do I have after I get a reverse mortgage?

After you receive a reverse mortgage, you will still be required to do the following:

- Pay your property taxes;
- Pay your homeowner's insurance; and
- Maintain the property in good repair.

If you fail to do any of these things, your reverse mortgage could go into default and you could potentially lose your home in foreclosure. It is therefore very important that you understand the terms of the reverse mortgage and carefully evaluate whether you will be able to meet the requirements of the program before you obtain the loan.

What to look for when considering a reverse mortgage?

If you are considering a reverse mortgage, consider the following tips:

1. **Review all of your other options.** The costs of reverse mortgages can be high, so if you need only a small amount of money for a short period of time, you may have other and better options, such as a home equity loan or a line of credit.
2. **Understand the product.** Make sure that you understand all the loan terms that are presented to you. Also, be sure to shop around from lender to lender to compare loan charges and the terms being offered.
3. **Seek legitimate help.** Federal law requires you to obtain counseling from a HUD-certified housing counseling agency or other approved government agency before applying for a reverse mortgage. The purpose of the counseling is to provide independent information about the program and to make sure you understand the terms of the loan and are aware of other options that may be available to you. In addition, because a reverse mortgage is a complicated product and can have serious financial consequences, you may want to consider also consulting an attorney or trusted financial advisor before you enter into the transaction.

4. **Beware of scare tactics.** Be skeptical of agents who use fear to sell you a reverse mortgage. An agent who exploits your fear of going into a nursing home or of running out of money does not have your best interests at heart. Also, beware of lenders or agents who tell you that the government has somehow endorsed the sale of reverse mortgages. And be leery of anyone who tries to discourage you from talking to trusted friends or family members about your decision.
5. **Beware of sales gimmicks.** Be extremely cautious if anyone tries to sell you something—such as a new roof or another financial product including an annuity or long-term care insurance—and suggests that you pay for it with the proceeds of a reverse mortgage. Taking out a reverse mortgage to buy long-term care insurance or an annuity, or to make an investment, is almost always a bad idea because the cost of the loan is usually more than you could earn on any prudent investment.

Beware of mortgage brokers/lenders or counselors who don't take adequate time to make sure that you really understand the product and to help you evaluate whether the loan is suitable based on all of your financial needs and circumstances. Beware of sales agents who tell you that counseling is only a formality and that you should ignore the counselor's advice. **A list of HUD-certified reverse mortgage counseling agencies and lenders in your area can be found on HUD's Web site at www.hud.gov or by calling 1-800-FED-INFO (1-800-333-4636).**

Cancellation

In any reverse mortgage transaction, **you have three business days after signing the loan papers to cancel the loan**, for any reason. The cancellation must be done in writing and postmarked before midnight of the third business day. You cannot cancel orally or by telephone.

If you suspect that someone is committing reverse mortgage fraud, or if you have been a victim of fraud yourself, contact the Office of the Illinois Attorney General **Homeowner Helpline** at (866) 544-7151.

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Homeowners in Crisis: Make the Call

to your mortgage lender, and follow this 3-step process to help save your home

In the fight to save your home, it is important to get organized. The following three-step process will help you gather the information you need and formulate a plan to preserve your home:

1. Gather Information & Data

2. Develop a Plan

3. Present the Plan

Please note, as you work to preserve your home, it is vital that you **STAY AWARE OF DEADLINES and OPEN YOUR MAIL.**

1. GATHER INFORMATION

Start by gathering some basic information. This important first step can help you gain a clear view of your current situation and enable you to successfully present your case to your mortgage lender.

General Information

- Current mortgage payment.
- Property taxes and homeowners insurance.
- Date of last payment (and the month for which the payment was applied).
- How many months are you behind?
- Have you received court papers.
- Terms of your loan – interest rate and structure (e.g., fixed, adjustable, balloon).
- If it is an adjustable rate loan (ARM), has the mortgage interest rate reset? If not, when will the reset occur?

Create a Budget

List all the sources of your household income:

- Employment. Consider the following:
 - o Length of employment
 - o Consistency of the income (i.e., self-employed, commissions, overtime)
 - o Gross vs. net income
- Government benefits
- Child support – You will need to provide a court order and proof of payments.

It is common to misstate actual monthly expenses, so it is important that you verify as much as possible through your bank statements. Be sure to consider the following:

- Food (including dining out)

- Utilities
- Clothing
- Insurance
- Medical Expenses (i.e., prescription deductibles & co-pay)
- Transportation cost
- Toiletries/cleaning supplies
- Pet expenses
- Charitable contributions
- Spending money
- Other Expenses (i.e., student loans, alarm systems, child care)

Review your Budget

- Is your income information verifiable?
- Are your expenses reasonable?
- Is there a large gap between your income and expenses?
- Is your hardship due to a lifestyle issue or a temporary crisis?

Supporting Documentation

- Recent mortgage statement(s)
- Two current month's pay stubs for every contributing household member
- Two current month's bank statements
- Last two years' W-2s and tax returns
- Current utility bills

Hardship Letter

Write clearly and succinctly, answering the following questions:

- What is your reason for default?
- Have you suffered a temporary or permanent loss of income?
- How long have you been in the home?

- What was your payment history before this crisis?
- Who resides in the home with you?
- Do you want to remain in the home?
 - If not, is the home listed? Is there a pending offer?
 - Will the offer cover the outstanding mortgage balance or will a short payoff be needed?
- What steps have you taken to prioritize your mortgage payments?
- Do you have money saved to offer as part of a repayment agreement?

2. DEVELOP A PLAN

Start by deciding how you would like to resolve this crisis. What solution would best suit your situation?

Possible Options

- Repayment plan
- Forbearance
- Modification of your loan
- Partial claim or advance claim (FHA loans)
- Refinance (difficult in current market)
- Short Sale
- Deed in lieu of foreclosure

Modification

- A modification is a written agreement to change your loan terms or conditions. Generally, this option adds delinquent amounts to the loan balance and re-calculates the loan payments based on the increased balance.
- Your loan may be modified by reducing or freezing your interest rate on a temporary or permanent basis.
- Modification may also include principal reduction.
- Consider long term affordability (e.g., beyond 5 years).

Short Sale

- You find a purchaser for your home. The offered purchase price is less than what you owe on the mortgage.
- The lender agrees to accept the lesser amount.
- Short sales may have income tax consequences, so consult with an attorney or financial advisor.

Deed in Lieu of Foreclosure

- Voluntary surrender of property to lender.
- Lender will usually require you to list the property for sale before exercising this option.
- Typically has a negative effect on your credit similar to foreclosure, so consult with an attorney or financial advisor.

3. PRESENT THE PLAN

When presenting your plan, have all the facts. Carefully consider any plans presented by the lender before agreeing to new terms.

Your Loan Workout Package Should Include:

- Hardship letter – present reason for default
- Specific proposal with rate and payment terms
- Financial information documents including a realistic budget
- Any additional forms in the servicer's package (i.e., proof of homeowners insurance)

Negotiation

- Request that the lender stop the foreclosure proceedings during the negotiation process.
- Remain patient.
- Demonstrate the benefits of your plan as a win/win proposition.
- Get all agreements in writing.

Negotiation Factors & Process

- Do you owe more on your home than it is worth? Get comparable home prices for your neighborhood at www.zillow.com.
- Are your community's home values declining? What are your community's foreclosure stats?
- What is the condition of your home? Are repairs needed?
- How long have you lived in your home?
- If the servicer says no to your plan or wants changes, consider the following points carefully:
 - Does the lender's plan meet your goals?
 - Is it affordable?
 - Are there any unexplained charges?
- If the plan does not meet your goals, or you notice unexplained fees or charges, be prepared to make a counter-proposal.
- If you CANNOT meet the terms of the plan proposed by the lender, be prepared to explain why and ask for alternatives.



Credit Cardholders' Bill of Rights

The federal Credit Card Act of 2009—also known as the Credit Cardholders' Bill of Rights—provides tough new protections for consumers who've had enough of excessive credit card fees, sky high interest rates, and agreements that credit card companies revise at will.

Highlights of this Important New Law

No more interest rate increases on existing balances, unless you have failed to make even a minimum payment for 60 days. This reform also puts an end to the unfair practice of universal default, which is when a credit card company raises the rate on an existing balance after you fail to make a timely payment on an unrelated bill (such as your electric bill). Note: While your credit card company can no longer raise the interest rate on purchases you've already made, they can raise the rates on purchases you make in the future, as explained below.

No interest rate increases during the first year you have the card, unless the increase is due to the expiration of a lower promotional rate. If your card comes with a promotional rate, the lower rate must last at least six months.

Your credit card company must give you a 45-day notice before increasing your interest rate or making any major change to your credit card agreement. This is a big improvement over the 15-day notice that credit card companies had to provide in the past. The 45-day notice must also inform you of your right to cancel your card. If you choose to cancel your card, the company must allow you to pay off the balance over a five-year period.

Interest rate increases must be reviewed and lowered if warranted. Although your card company can still raise your rate on future balances for a number of reasons (because you've made late payments, for example), they can no longer raise your rate and just leave it there. Instead, they must conduct a review every six months and lower the rate if the review shows a change in the reason for the rate hike—such as an improvement in your payment habits.

Billing statements must be sent to you 21 days before the due date, giving you enough time to make your payment and lowering the risk of a late fee and other penalties.

Due date must be the same every month. If your due date falls on a holiday or a weekend, your payment is on time if received the next business day.

Credit card payments are on time if received by 5 p.m. on the due date. Credit card companies can no longer schedule a 10 a.m. due time and then charge you a late fee if your payment arrives in the afternoon mail.

Payments above the minimum must be applied first to the balances with the highest rates. If your card has balances with different rates, your card company must apply anything you pay over the minimum payment to the balance with the highest rate. This lowers the amount of finance charges you pay over the minimum payment to the balance with the highest rate. It also lowers the amount of finance charges you pay overall.

No over-limit fee unless you authorize your card company to approve over-limit transactions. If you do not authorize your card company to approve over-limit transactions, any transaction that would exceed your credit limit will be denied and you will not be charged a fee. If you do authorize over-limit transactions, your card company can charge you only one over-limit fee in any billing cycle.

For more information about credit cards and other kinds of loans, please visit www.IllinoisAttorneyGeneral.gov or contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461).**

www.IllinoisAttorneyGeneral.gov

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Six Tips to Avoid Getting Stuck in Deep Credit Card Debt

1. Shop around before signing up for a card. Deceptive terms and conditions abound throughout the industry. Look for:

- An APR of 15% or lower;
- No annual fees; and
- Full information on teaser rates (make sure that you don't agree to a low rate that will rocket above 15-20% when the teaser expires).

2. Use credit cards sparingly. Ideally, if you can't pay off the balance each month, you shouldn't use your cards for day-to-day purchases. Companies try to lure you with "rewards programs" and incentives so you will use your credit card to pay for everything from pizza to rent to gasoline. The debt you'll incur outpaces any additional value of what you gain in rewards. A 1% reward doesn't reduce a 25% APR! So pay for day-to-day and cost-of-living expenses in cash as much as possible. Use the credit card only for the big ticket necessities you need.

3. Pay off balances in full each month. Companies keep the minimum monthly payment low so that you'll extend your payment over time and rack up additional debt in interest. If you can't pay off the card in full, then make the largest payment possible each month. Try to always pay more than the minimum required.

4. Make your payments as early as possible every month (at least 7-10 days before it is due) to avoid late charges. Companies routinely charge late fees of \$30 or more. Worse, when you pay late, nearly half of all companies also increase your interest rate to 25-30% APR or more on your total balance!

5. Call your credit card company and ask for a lower rate. It's cheaper for a credit card company to keep a customer than find a new one, so if you think that your interest rate is too high, call the number on your card and ask for a lower one. In a recent study by the US Public Interest Research Group, more than half the consumers who called lowered their rates by a third or more.

6. If you have a problem paying, seek help. Consider cutting up (or locking up) your card and paying it off in a timely manner with a personal loan from a family member. Consider talking to a credit counseling service, but be careful: this once-respectable business now includes numerous fly-by-night operations. Watch out for debt settlement companies that require an upfront payment that goes only to the debt settlement company (not to paying down your debts). To find a legitimate credit counselor in your area, consult the National Foundation for Credit Counseling at www.nfcc.org or 1-800-388-2227. Also, make sure that the company and the counselor are licensed in Illinois. To check whether a credit counselor is licensed, visit the Web site of the Illinois Department of Financial and Professional Regulation at www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM.

Do You Think You Have Been Unfairly Treated?

If you believe you are the victim of unfair interest rate charges, late fees or other penalties, or deceptive marketing, and your credit card company fails to address your concerns, you should file a complaint with the Office of the Illinois Attorney General. Although we do not regulate the credit card industry, we are sometimes able to resolve disputes between credit cardholders and their card companies.

In addition to filing a complaint with our office, you should file a complaint with the federal Office of the Comptroller of the Currency (OCC). The OCC regulates most of the big credit card companies and will either handle your complaint itself or forward your complaint to a different regulator if needed. Here's how to contact the OCC:

The Office of the Comptroller of the Currency
Web site: www.occ.treas.gov/customer.htm
E-mail: Customer.Assistance@occ.treas.gov
Phone: 1-800-613-6743
Address: Customer Assistance Group
1301 McKinney Street, Suite 3710
Houston, TX 77010

For more information about credit cards or to file a complaint against your credit card company, please visit www.IllinoisAttorneyGeneral.gov or contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.

This fact sheet is adapted from a fact sheet from US PIRG.

www.IllinoisAttorneyGeneral.gov



How to Read Your Credit Report

With credit becoming harder to come by, it's more important than ever that you keep a close eye on your credit report. A single piece of inaccurate information could prevent you from qualifying for the best rates on a loan or credit card.

Making sense of your credit report can be a daunting task. This fact sheet will guide you through the main components of your credit report and help you to decipher the confusing codes and terms you will encounter along the way.

Four Major Sections

Your credit report is divided into four sections: identifying information, account history (or credit history), public records, and inquiries.

Section 1: Identifying Information

This section includes information to identify you, including your name, current and previous addresses, your date of birth, telephone numbers, Social Security number, driver's license number, your employer and your spouse's name. There may be some inaccurate information in this section – such as a misspelled name or address. That usually means that the information was reported to the Credit Reporting Agency inaccurately. These errors generally do not need to be corrected.

Section 2: Account History

The account history section (sometimes called the credit history section) of your credit report contains most of the critical information. This section contains a lot of detailed information and you should review it carefully for accuracy.

Each account will contain several pieces of information:

- *Name of the institution* (i.e., the creditor) reporting the information.
- *Account number associated with the account.* The account number may be scrambled or shortened for privacy purposes.
- *Account Type.* For example:
 - o Credit card accounts, which are called "Revolving Accounts"; or
 - o Mortgage, auto, or education loans, which are called "Installment Accounts."
- *Responsibility.* This indicates whether you have individual, joint, or authorized user responsibility for the account.
- *Monthly payment.* This is the minimum amount you are required to pay on the account each month.
- *Date opened.* The month and year the account was established.
- *Date reported.* The last date on which the creditor updated the account information with the credit bureau.
- *Balance.* The amount owed on the account at the time the data was reported.
- *Credit limit or loan amount.*
- *High balance or high credit.* The highest amount ever charged on the credit card. For installment loans, high credit is the original loan amount.
- *Past due.* Amount past due at the time the data was reported.

- *Payment status.* This indicates the status of the account: i.e., current, past due, charged-off. Even if your account is current, it might contain information about previous delinquencies.
 - Status may be written in plain English – never pays late, typically pays 30 days late, etc.
 - Status may be reported using payment codes.
- *R1-R9 payment codes* – the range of payment codes for revolving accounts. R1 is an indication of a good payment history and R9 is an indication of a poor payment history.
- *I1-I9 payment codes* – the range of payment codes for installment accounts. I1 is an indication of a good payment history and I9 is an indication of a poor payment history.
- *“Charged-Off.”* This means the creditor has acknowledged your debt as a loss in its financial records. However, you are still responsible for paying the debt.
 - If you pay the debt, your credit report will be updated with a status of “Charged-Off Paid” or “Charged-Off Settled.”
 - A status of “Charged-Off” remains on your credit report for 7 years. If you pay the full amount, you may be able to negotiate with the creditor to have it removed sooner.
- *Payment history.* This indicates your monthly payment status since the time your account was established.
- *Collection accounts.* Collection accounts may appear as part of the account history or in a separate section. Where they appear depends on the company providing your credit report.
 - If you do not recognize the name of the institution reporting the information, it could mean that you have an outstanding debt and the original creditor sold that debt to a debt collector.

***Please note: If there are accounts on your credit report that you do not recognize and have no record of ever opening, you may be the victim of identity theft.

Section 3: Public Records

The next section is the public records section. This section lists financially related data appearing in public records, such as bankruptcies, judgments, and tax liens. It does not list arrests or criminal convictions.

Section 4: Inquiries

The final section is the inquiries section, which is a list of everyone who has asked to see your credit report.

Inquiries are divided into two types. **Hard inquiries** are ones that you initiate by filling out a credit application or applying for a loan. These types of inquiries are included in the formula used to calculate credit scores; therefore, too many hard inquiries can result in a lowering of your score. Multiple inquiries in any 14-day period will count as just one inquiry, which allows you to shop around for a good mortgage or automobile loan rate without negatively affecting your credit score.

Soft inquiries are requests that you make to the credit bureaus for copies of your credit report or score, use of credit information by existing lenders for account review purposes, use of credit information by lenders for “pre-approved” credit offers, inquiries used in making employment decisions, and inquiries for tenant screening (done by a landlord when you apply for housing). These inquiries are shown only on the credit report that you request, and will not be seen by potential creditors.



What's on Your Credit Report and Why You Should Read It

If you have ever been issued a credit card, received a personal or home loan, or held a job, chances are someone is keeping a file on you. This file contains information on how you pay your bills, whether or not you've been sued, and if you've filed for bankruptcy. Companies that gather and sell this information are called Consumer Reporting Agencies, or CRAs. The three largest CRAs are Equifax, Experian, and TransUnion.

What's in a Credit Report

Congress passed the Fair Credit Reporting Act, or FCRA, requiring CRAs to provide correct and complete information to businesses to use in evaluating your applications for credit, employment, or insurance. Credit reports are provided only to those with a legitimate business need. CRAs generally report unfavorable information for a period of seven years. Exceptions include bankruptcy information, which can be reported for ten years, and information concerning a lawsuit or judgment against you, which can be reported for seven years or until the statute of limitations runs out, whichever is longer. When applying for a job with a salary of more than \$75,000 or for more than \$150,000 worth of credit or life insurance, there is no time limitation for reporting credit information.

Know What's in Your Credit Report

Upon request, CRAs are required to give you a copy of your report and, in most cases, the sources of that information. You also have the right to be told the name of anyone who received a report on you in the past year. If you filed an application for credit and it was denied based upon information supplied by a CRA, you can request a free report within 60 days of receiving the denial.

Consumers are entitled to one free credit report per year from each CRA.

To request your free annual credit report, visit www.annualcreditreport.com or call 877-322-8228. (But be careful to steer clear of look-alike Web sites that charge for reports.) Your free report will not include your credit score. The law allows CRAs to charge a "reasonable" fee for your credit score.

It is a good idea to become familiar with your own credit report, so that you will recognize errors, inaccuracies, and unauthorized accounts if they occur. This also will help you to determine if you've been a victim of identity theft. To monitor your report throughout the year, you should consider staggering your requests from each CRA four months apart.

Fixing Credit Report Errors

If you find inaccurate or incomplete information in your credit report, notify the CRA immediately. They are required to re-investigate the items in question and to delete inaccurate or unverifiable information. If the new investigation reveals an error, a corrected version must be sent, at your request, to anyone who received your report in the past six months. If the new investigation doesn't resolve your dispute, request that the CRA include your version or a summary of your version of the disputed information in your file and in future reports.

If inaccurate information is the result of identity theft, the CRA must block the reporting of that information after receiving proof of the consumer's identity and a copy of the consumer's police report.

Fixing a Poor Credit History

Unfortunately, there are no quick or easy cures for a poor credit history. Keeping up creditworthy behavior over a period of time is the only thing that will repair your credit report. There is a brisk business among so-called "credit repair" companies that charge from \$50 to more than \$1,000 to "fix" your credit report. Beware of these scams. The only information in your credit report that can be changed is information that is actually wrong. In such cases, you can fix the errors yourself for free.

Credit Counseling

While only time and paying on time can fix a poor credit history, there are some organizations that may be able to help if you find yourself confronted by overwhelming money problems. Many of these problems arise from inflation, overuse of credit, faulty planning or a lack of money management. For some consumers, a non-profit credit counseling corporation may be a good option. These non-profit corporations offer specialized counseling services to over-indebted consumers and handle the consumers' money as their agent. The corporations may charge a nominal fee for services provided. A credit counseling corporation is not a lending institution, charity, government or legal institution. To find a legitimate credit counselor in your area, consult the National Foundation for Credit Counseling at www.nfcc.org or 1-800-388-2227. Also, make sure that the company and its credit counselors are licensed, as required by Illinois law. To check whether a credit counselor is licensed, visit the Web site of the Illinois Department of Financial and Professional Regulation at www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM.

Fraud Alerts

A consumer who can, in good faith, assert a suspicion that he or she has been or is about to become a victim of identity theft may place a free 90-day initial fraud alert on his or her credit file. The consumer must contact only one CRA; following notification, that CRA must contact the other two at no charge. The three CRAs may be contacted at:

Experian

888-397-3742 (voice)

www.experian.com

Equifax

800-685-1111
800-972-0322 (TTY)

www.equifax.com

TransUnion

800-888-4213

www.transunion.com

If you have been the victim of identity theft or believe your personal or financial information may have been compromised, please call the Attorney General's toll-free Illinois Identity Theft Hotline:

Identity Theft Hotline

1-866-999-5630

Línea Gratuita en Español

1-866-310-8398

www.IllinoisAttorneyGeneral.gov



Debt Collection: Know Your Rights

Although dealing with a debt collector is rarely a pleasant experience, there are laws in place to ensure that debt collectors treat you fairly. Three laws in particular—the Federal Fair Debt Collection Practices Act, the Illinois Collection Agency Act, and the Illinois Consumer Fraud and Deceptive Practices Act—establish a code of conduct that debt collectors must follow when doing their jobs. These laws will not permit you to avoid a debt you legitimately owe, but they do set important limits on how far collection agencies can go in their collection efforts.

What Debt Collectors Can and Cannot Do

A debt collector can contact you in person, by mail, telephone, telegram, or e-mail. However, a collector may not contact you at unreasonable times, such as before 8 a.m. or after 9 p.m., or contact you at work if the collector knows that your employer disapproves. If you are getting calls at work, you should inform the debt collector that by continuing to call he or she is putting you at risk of losing your job. A debt collector may contact people other than you or your attorney to find out where you live or work, but may not tell anyone other than you or your attorney that you owe money.

Once a debt collector has notified you by phone, he or she must, within five days, send you a written notice telling you the amount you owe, the name of the creditor to whom you owe money, and what to do if you dispute the debt. A debt collector may **NOT**:

- Harass, oppress or abuse anyone (i.e., use threats, obscene or profane language, etc.);
- Make false statements when collecting a debt (this includes implying that you have committed a crime or saying you will be arrested or criminally prosecuted if the debt isn't paid); or
- Engage in unfair practices such as forcing you to accept collect calls or pay for telegrams or collect interest or fees in excess of the debt, unless authorized by the agreement creating the debt.

You can stop a debt collector from contacting you by writing a letter to the collection agency telling them to stop. Once the agency receives your letter, it may not contact you again except to notify you that some specific action will be taken—such as the filing of a lawsuit against you.

Disputing a Debt

A debt collector may not contact you if, within 30 days after the collector's first contact, you send the collector a letter stating that you do not owe the money. If, however, the collector sends you proof of the debt, such as a copy of the bill, the collector can resume collection activities.

Added Protections for Victims of Identity Theft

Under a recent amendment to the Illinois Collection Agency Act, debt collectors are required to suspend collection activities and investigate when a consumer notifies them that a debt is the result of identity theft. If the investigation confirms that the consumer does not owe the debt, the collector must permanently stop collection activities and notify the credit bureaus to remove from the consumer's credit report any adverse information relating to the debt.

If you feel that a debt collector has treated you unfairly, contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.



Illinois Attorney General Consumer Fraud Hotlines

Chicago

1-800-386-5438

TTY: 1-800-964-3013

Springfield

1-800-243-0618

TTY: 1-877-844-5461

Carbondale

1-800-243-0607

TTY: 1-877-675-933

Senior Fraud Helpline

1-800-243-5377

TTY: 1-800-964-3013

Homeowner Helpline

1-866-544-7151 (Voice/TTY)

ID Theft Hotline

1-866-999-5630

TTY: 1-877-844-5461

Español: 1-866-310-8398

www.IllinoisAttorneyGeneral.gov



The Debt Settlement Company Scam

If you find yourself mired in credit card debt or other kinds of debt, you may be tempted to hire the services of a debt settlement company. Debt settlement companies promise to free you from your financial woes by negotiating reduced payoff amounts with your creditors. The truth is, these companies cannot do anything to help you that you could not do yourself for free.

Debt settlement companies claim they can arrange deals with creditors, especially credit card companies, to satisfy consumer debts at reduced amounts. Once you have given them your money, they typically advise you to quit paying your monthly credit card bills and instead make monthly payments into an escrow account to accumulate a lump sum (supposedly to make your final payment). They also tell you that they will negotiate with your creditors and convince them to accept partial payment in full satisfaction of the amount you owe.

What really happens is that these companies take your money and often leave you even deeper in debt. Typically, if you sign up for a company's services, the first thing the company will do is charge you several **non-refundable** fees. These include a hefty up-front fee (often 10-15 percent of your total debt), fees to set up escrow accounts, and, in many cases, a monthly "maintenance" fee. Meanwhile, if you do as advised and quit paying your creditors, late charges and finance charges will begin to add up, and your interest rates can increase to much higher penalty rates. To top it off, many credit card companies simply refuse to work with debt settlement operations and instead choose to sue the cardholder for the balance due.

Giving a debt settlement company your hard-earned money is **not** a good idea. If you feel you need help managing your credit card debt, please consider these better alternatives:

- Contact your credit card companies directly to see if they offer repayment programs for consumers struggling to repay their debts. Some credit card companies offer these programs.
- Talk to a reputable credit counselor. To find a legitimate credit counselor in your area, consult the National Foundation for Credit Counseling at www.nfcc.org or 1-800-388-2227. Also, make sure that the company and its credit counselors are licensed, as required by Illinois law. To check whether a credit counselor is licensed, visit the Web site of the Illinois Department of Financial and Professional Regulation at www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM.
- Consider consulting with a bankruptcy attorney. Contact your local legal aid office to find out if you qualify for their services at a reduced cost.

Remember—before dealing with any type of credit counseling firm, check their record with the Better Business Bureau. You can also check with the **Illinois Attorney General's Consumer Fraud Bureau by calling 1-800-243-0618 (TTY: 1-877-844-5461).**



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The Truth About Payday Loans

Payday lenders market their products as convenient solutions to temporary cash-flow problems. Don't buy the hype. If you're struggling to make ends meet, chances are you'll be even worse off if you take out a payday loan.

Payday borrowers are more likely to fall behind on their mortgage or rent payments, have their bank accounts closed due to overdrafts, and file for bankruptcy than people who don't use payday loans.

Payday loans are an extremely expensive form of credit. They carry triple-digit interest rates and include all kinds of hidden charges and fees. One payday loan can quickly snowball into too much debt for one family to handle. Many payday borrowers come up short on their loan's due date, so they have to take out a new loan to pay off the old one. Each time they do this, they rack up additional charges and fees. This practice—which is encouraged by many payday lenders—creates a cycle of debt from which some families never recover.

Two Types of Payday Loans

There are two types of payday loans sold in Illinois: the traditional payday loan and the consumer installment loan. A traditional payday loan, which is by far the less common of the two, has to be paid back in two to four weeks. Typically, the borrower is required to leave a personal check with the lender, post-dated to coincide with the loan's due date. If there isn't enough money in the borrower's checking account when the loan comes due, the borrower has little choice but to pay off the original loan with a new loan and sink deeper into debt.

A few years ago, Illinois passed a law to help consumers of traditional payday loans avoid this debt trap. This law—called the Payday Loan Reform Act—defines a payday loan as having a term that lasts no longer than 120 days. According to the Act, lenders must offer an interest-free repayment plan after borrowers have been in debt for more than 35 days. The Act also prohibits lenders from issuing a new payday loan if it would result in the borrower's being in debt for more than 45 days in a row. Together, these two provisions are designed to give payday borrowers some breathing room to pay off their old payday loan debt without getting buried under additional charges and fees.

The Payday Loan Reform Act provides some important protections to consumers of payday loans. Unfortunately, the odds that you'll be offered a payday loan if you walk into a payday lending store are slim. Instead, you probably will be offered a consumer installment loan (or "installment loan"). In fact, more than 90 percent of "payday" loans sold in Illinois are really installment loans. Payday lenders switched to selling installment loans after the Payday Loan Reform Act became law, because lenders can drain more money from your pocket with an installment loan than with a traditional payday loan.

Generally, a consumer who takes out an installment loan is obligated to make payments for a period ranging from six months to a year or more. Because installment loans last longer than 120 days, they fall outside the definition of a "payday loan." This means that **when payday lenders sell you an installment loan, they do not have to provide you with any of the consumer protections contained in the Payday Loan Reform Act.**

If you take out an installment loan, you cannot opt for an interest-free repayment plan when your debt becomes too much to handle, and there is no limit on the amount of time the lender can keep you in debt.

Don't Fall Prey to the Renewal Trap

Installment loans are a quick path to unmanageable debt. Like traditional payday loans, they carry high interest rates and are loaded with fees. One common tactic used by lenders to drive borrowers deeper into debt is called the "renewal trap." Here's how it works: A lender sells you an installment loan with a term of 10 months. After you've made four timely payments, the lender calls you up and commends you for being a reliable customer. To "reward" your good behavior, the lender asks if you could use a little more money—say, 200 dollars. If you say "yes," the lender will roll your original loan into a new loan and give you another 200 dollars in cash.

This may sound good, but it is not. **Remember:** Every time the lender puts you into a new loan, he tacks on a whole new set of charges and fees, taking more of your money and driving you deeper into debt. That extra 200 dollars could end up costing you as much as \$2,000 by the time you pay back your loan—if you ever pay back your loan. So, if you're making payments on an installment loan and your lender asks if you want to take out a new loan for a little extra cash, tell him no!

Consider Other Options

Because of their extremely high interest rates and many charges and fees, payday loans and installment loans are truly legalized loan sharking. You should exhaust all possible resources—family, church, friends—before you even consider taking out one of these high-cost loans. Long-term debt is not the solution to a short-term financial crisis.

For more information about payday loans and other types of credit, or to file a complaint against a payday lender, please visit www.IllinoisAttorneyGeneral.gov or contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.

www.IllinoisAttorneyGeneral.gov



Beware of Tax Refund Loans

What Is a Tax Refund Loan?

A tax refund loan is an extremely short-term loan that you apply for through your tax preparer, using your anticipated tax return as security. Tax preparers prefer the term “instant tax refund” to describe these loans, but make no mistake: an “instant tax refund” is a LOAN, with all of the costs and fees associated with borrowing money—and then some. Also, you will NOT get your refund that much faster if you take out one of these expensive loans. They simply aren’t worth the price.

When you take out a tax refund loan, your tax preparer (working in partnership with a bank) lends you the amount of the tax refund that you expect to get back, but charges you a significant amount in interest and fees. Then, when the government sends your actual refund check, it is direct-deposited into the bank that made the loan. Because the loan is paid back when you receive your tax refund, the term of a tax refund loan is short—usually seven to 14 days.

Unlike a traditional loan, the interest rate (the annual percentage rate or APR) for tax refund loans is sky high—in many cases more than 200%. Some lenders will even allow you to borrow more than the expected amount of your refund. In these cases, the high interest rate applies to the entire loan amount, not just the amount of the refund, and can quickly snare you in a debt trap. Consumers who borrow beyond their refund at these high rates are at risk of not being able to pay back the loan.

Tax preparers pack these loans with numerous fees to drain as much revenue as possible from consumers. To obtain a tax refund loan, consumers typically pay a loan fee, an electronic filing fee, a document preparation fee, and a tax preparation fee. After receiving their loan, consumers often must pay an additional fee just to cash their loan check.

Who Takes the Hit?

According to a study by the Consumer Federation of America and the National Consumer Law Center, taxpayers lost nearly \$1 billion of their 2006 tax refunds to loan fees and other charges. Also, many of these loans are sold to low-income families who can least afford to pay a significant portion of their tax refund in loan fees and interest.

Protections for Active Duty Service Members

The Military Lending Act caps the interest rate at 36% for tax refund loans sold to active duty service members. If you are an active duty service member and feel that you’ve been sold a tax refund loan with an interest rate that exceeds this cap, please contact the Attorney General’s Military and Veterans Hotline at 1-800-382-3000 (TTY: 1-800-964-3013).

It’s Your Refund—Here’s How to Keep More of It!

You probably do not need a tax refund loan. If you file your tax return electronically, you can get your refund very quickly—in approximately two to three weeks—without getting a loan. There are organizations that will help you for free. You can find an organization willing to help you prepare and file your taxes for free by calling the Center for Economic Progress at 312-252-0280 or visiting this Web site for resources near you: www.dhs.state.il.us/projects/initiatives/EITC/eitcTaxCS2002.asp.

For more information about tax refund loans and other types of credit, please visit www.IllinoisAttorneyGeneral.gov or contact the **Illinois Attorney General’s Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.



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ID Theft Hotline

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Español: 1-866-310-8398

www.IllinoisAttorneyGeneral.gov



Identity Theft: Take Immediate Action

Victims of identity theft lose more than money. They lose peace of mind. Victims often spend dozens of hours working with creditors, credit reporting agencies, financial institutions, and law enforcement to reclaim their good names and credit records. The recovery process can take months, even years.

A fast response to identity theft is the best way to minimize the damage to your name and financial health. If you are a victim of identity theft, the Office of the Illinois Attorney General recommends that you immediately take the following first steps:

Report fraud to creditors. Check with your credit card companies and banks to see if any new accounts have been opened in your name or if any unauthorized charges have been made. Work with these companies to stop further damage as quickly as possible.

Once you have notified banks and credit card companies of the fraud, you should also alert your other creditors, including phone companies, utility providers, Internet service providers, and other service providers.

Place a fraud alert on your credit report. Contact the toll-free number of any of the three credit reporting agencies listed below to place a fraud alert on your credit report. A fraud alert notifies potential creditors to contact you and verify your identity before approving a credit request in your name. You only need to contact one of the three companies, because that company is required to contact the other two.

- Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241
- Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 9532, Allen, TX 75013
- TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790

Once you place a fraud alert on your file, you are entitled to free copies of your credit reports. You will receive a letter telling you how to order your free copies. When you receive your credit reports, review them carefully and look for any suspicious activity. If you find unauthorized accounts, report the fraud to those creditors and dispute the accounts with the credit reporting agency.

File a police report. Illinois law requires police departments to accept and provide reports of identity theft. After completing the police report, be sure to get a copy of it or, at the very least, the number of the report. It can help you deal with creditors who need proof of the crime.

Decide whether you want to place a security freeze on your credit report. A security freeze allows you to prohibit your credit report from being released to another person without your prior express authorization, which can help to prevent identity theft when personal information has been compromised.

The freeze is available to all Illinois consumers and is free for identity theft victims and senior citizens. Once the freeze is in place, you will be unable to obtain credit without first providing the credit reporting agency with your unique Personal Identification Number. You can place a security freeze by sending a request by certified mail to each of the three credit reporting agencies. The credit reporting agencies also accept online requests from most people. Identity theft victims must submit freeze requests in writing and should include a copy of the police report.

We Can Help

If you are a victim of identity theft, call the **Illinois Attorney General's Identity Theft Hotline**. You will be assigned a Consumer Advocate to guide you through the recovery process. The hotline is open from 8:30 a.m. to 5:00 p.m., Monday through Friday.

Identity Theft Hotline

1-866-999-5630

TTY: 1-877-844-5461

Línea Gratuita en Español

1-866-310-8398

www.IllinoisAttorneyGeneral.gov



Counterfeit Check Scams: Throw that Fake Check Away!

Con artists never grow tired of using counterfeit check scams to take your money. Many of the fake checks created today look so real that they even fool bank tellers.

Don't let them fool you! By learning to recognize the signs of a counterfeit check scam, you can avoid becoming another victim of this common rip-off.

How Does the Scam Work?

Although counterfeit check scams come in a variety of forms, they all follow the same blueprint. One of the more common examples is the **foreign lottery scam**. In this scheme, the con artist sends you a letter informing you that you have won the lottery or a sweepstakes in another country. Enclosed with the letter is a legitimate-looking cashier's check—the name of a respected bank appears at the top, and the account and routing numbers may even be real. According to the letter, all you have to do to claim your prize is deposit the check into your bank account and wire the money to an overseas address to pay the taxes and fees on your winnings.

Sounds tempting, doesn't it? But make no mistake about it, this is a scam. That real-looking check is a fake. If you deposit the fake check and wire the money overseas as directed, you will be legally responsible to the bank for the entire amount of the fake check, which could be in the thousands of dollars.

But if the Bank Cashes the Check, it Must be Real, Right?

Wrong! Banks are required by law to make the funds from a check available to you within a short period of time. So, just because you have access to the funds does not mean that the check is real. When the bank finally determines that the check is fake, final responsibility for the loss falls on you. Unfortunately, the chances of tracking down the con artist and holding him accountable are close to zero. When funds are wired overseas, it is nearly impossible to identify or locate the recipient.

Basic Tips to Help You Avoid Falling Victim to a Counterfeit Check Scam:

- Throw away any offer that asks you to pay for a prize or a gift. If something sounds too good to be true, it probably is. You can't win a lottery if you did not buy lottery tickets, and you can't win a sweepstakes that you didn't enter.
- Resist the urge to enter foreign lotteries. It's illegal to play a foreign lottery through the mail or the telephone, and most foreign lottery solicitations are phony.
- Do not deposit a check if you do not know who it came from, and never wire money to strangers.
- Depositing a suspicious check and waiting a while to spend the money will not protect you from being scammed. It may take weeks for the bank to figure out that the check is fake.

If you receive a suspicious check in the mail, you can contact the **Illinois Attorney General's Consumer Fraud Hotline** (1-800-386-5438; TTY: 1-800-964-3013) or **Senior Fraud Helpline** (1-800-243-5377; TTY: 1-800-964-3013). Also, you can give the check, envelope, and any letter to your local post office for further investigation.



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www.IllinoisAttorneyGeneral.gov



Secret Shopper Scam: Don't Buy It

If you're looking for part-time employment to supplement your fixed income, it is critical that you learn how to avoid scams that prey on jobseekers. One such scam, called "Secret Shopper," leaves victims jobless and thousands of dollars poorer.

The secret shopper scam, also known as the mystery shopper scam, is nothing more than a counterfeit check scam disguised as a job offer. Here's how the con typically works: The scam artist sends an e-mail solicitation or places an ad in a newspaper or on an electronic message board. Generally, the ad describes the "shopper job" as a paid, stay-at-home position in which the applicant will be evaluating customer service at large retail stores—businesses with familiar names. In reality, these stores have no affiliation with the con artist placing the ad.

After responding to the ad, you receive an "employment packet" containing a training assignment, a list of products to purchase at different stores, and a realistic-looking cashier's check, usually in an amount ranging from \$2,000 to \$4,000. Your "training assignment" is to deposit the check into your bank account, pose as a shopper, and then wire the balance of the check's proceeds (minus the cost of the purchases and your "salary") to an address outside the United States, usually in Canada. Often, you're given only 48 hours to complete the assignment.

The scam is that the **check is fake**. When the check bounces—which happens after you wire the money—you're accountable to the bank for the entire amount of the fake check, plus additional penalty fees.

The last thing an unemployed person can afford is to be swindled out of a few thousand dollars. So please, take precautions to make sure this doesn't happen to you. Remember: A legitimate company will never send you a cashier's check out of the blue or require you to send money to someone you have never met. Also, a 48-hour deadline to complete a secret shopping assignment is a huge red flag: the tight deadline is designed to pressure you into cashing the check and wiring the money quickly, before you or the bank can determine that the check is fake. Unfortunately, by the time that happens, it's too late.

If you believe you've fallen prey to a secret shopper scam or any other kind of scam, please contact the **Illinois Attorney General's Consumer Fraud Bureau at 1-800-243-0618 (TTY: 1-877-844-5461)**.



Illinois Attorney General Consumer Fraud Hotlines

Chicago

1-800-386-5438

TTY: 1-800-964-3013

Springfield

1-800-243-0618

TTY: 1-877-844-5461

Carbondale

1-800-243-0607

TTY: 1-877-675-933

Senior Fraud Helpline

1-800-243-5377

TTY: 1-800-964-3013

Homeowner Helpline

1-866-544-7151 (Voice/TTY)

ID Theft Hotline

1-866-999-5630

TTY: 1-877-844-5461

Español: 1-866-310-8398

www.IllinoisAttorneyGeneral.gov