

## **WESTERN UNION SETTLEMENT MEANS REFUNDS FOR VICTIMS**

In my world of fraud and scams, we got some welcome news a couple of weeks ago. On January 19, the US Department of Justice and the Federal Trade Commission announced a settlement with Western Union, a global money services company. In the settlement, Western Union agreed to forfeit \$586 million to the government, admitted criminal violations, and agreed to adopt much stricter anti-fraud and anti-money laundering measures. In my world, this is a pretty big deal.

The use of wire transfers, such as Western Union and Moneygram, to send money is the number one means by which fraud victims lose their money. In 2015, sixty-one percent of people reporting losses in fraud to the Federal Trade Commission reported paying through wire transfers. No other method of payment even came close. Almost every kind of scam in existence uses money wire transfers, including romance scams, grandparent scams, lottery scams, fake check scams, Craigslist scams, the list goes on and on. And it has been the most common method of payment for decades. Why? Because it is like sending cash in the mail, or handing cash to a stranger. No recourse exists to get your money back when you discover the fraud. Once the money is paid to the receiver, it is gone.

Lacking recourse to recover lost money is bad enough, but this settlement reveals Western Union actually aided and abetted these frauds. I read the five page media release which announced the settlement. In detail, it reported how this major corporation, for decades, “facilitated scammers and rip-offs”. The release is full of examples of this conduct, but I will just highlight one. Western Union knew as early as 2004, that many fraud victims lost money in various schemes by sending it out through Western Union. Western Union knew it because of the thousands of fraud reports they received from their own customers. Western Union’s own internal security identified the major problem agents, and proposed suspending agents with a pattern of fraud complaints. Instead, corporate management ignored these recommendations, and even contracted with more agents with a known history of fraud.

What happens to the \$586 million? The settlement tells us it is for compensation for fraud victims. I’m not sure exactly what that will look like. On the US Department of Justice website relating to victim compensation, authorities posted they are working to organize a settlement administrator to handle the compensation, with more details to follow.

If you were a victim of a fraud involving Western Union, you should be eligible for compensation. Get your records together. If you reported this to police, get a copy of the police report. Keep reading this column and when I learn something, I will pass it on. I want everyone who lost money to get as much back as possible.

## **CAN YOU HEAR ME?**

In the last week, several people spoke to me and asked if I heard about a scam in which a caller starts out the conversation asking, “can you hear me?” By its very nature, this question will get a “yes” response. And so people tell me scammers record this “yes” and use it to further some kind of scam. Now, I never saw anything on this before, or from the consumer protection sources I rely on for information. I did some further checking and learned a couple of things:

- Even if someone recorded your answer, that doesn’t seem to get them any closer to scamming someone. If someone already has your credit card number, social security number, or other personal information, they really don’t need a voice recording to pull a fraud
- Despite warnings in some media outlets about this phone call, no one ever reported getting scammed by this method. Where are the victims?

I lack the evidence to label this kind of call as a scam. Having said that, we always need to be cautious about any calls from strangers trying to coax information from us, or sell us something.

## **SCAM TRENDS**

I continue to see an uptick in complaints of the “grandparent scam”. These are coming at a rate two to three times higher than normal in the last couple of years. This scam is for sure old enough to vote or buy liquor, and is the subject of many warnings over the years in the media, including many from me. Yet, I hear from folks who never heard of it before...so let me go through this again.

A senior citizen gets a phone call from someone who claims to be a grandchild. The grandchild traveled somewhere, often to a foreign country, and got in a car accident, and got arrested. And needs money to get out of jail, or pay for the damage claim, or pay the hospital. The caller stresses the need for secrecy, “you can’t tell anyone!” If the senior citizen challenges the caller about the sound of his voice, the caller will claim a facial injury the accident. Frequently, the caller will put another person on the line, to vouch for the circumstances, say a lawyer, police officer, or US embassy officer. The senior will need to send the money through money wire transfer (see Western Union story above), or buy prepaid debit cards, like iTunes cards.

Folks, this is always a scam. Tell your friends and relatives about it. Educate each other. This thing still works. A Clinton woman lost \$4000 in early January to this scam.

## **CONTACT SENIORS VS. CRIME**

Let me know about scams, fraud, or other crookedness you run across. Most of what I learn, I learn from you. Contact me at Seniors vs. Crime, Clinton County Sheriff's Office, 563-242-9211 extension 4433, or email me at [randymeier@gapa911.us](mailto:randymeier@gapa911.us)

End of column/rmeier