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' I THOUGHT I JUST DIDN'T KNOW ENOUGH ABOUT THE LOAN PROCESS'

## Advance-fee loan scams see resurgence

Legitimate-looking Web sites help old rip-off lure a new wave of victims

ANNYS SHIN  
Washington Post

**WASHINGTON** - Judging by its Web site, Michelle Ford said, Fairview Lending Group looked like a reputable company. Over two months, the 35-year old loan adjuster from Charlotte sent Fairview \$2,856 in collateral for a \$20,000 loan that never materialized.

Dykella Hall, 23, of suburban Washington needed money for Christmas presents and turned to American Allied Financial, which claimed to be located in a Washington office building. She put \$600 down on a \$6,000 loan that she never received.

Monica Aliman, 34, of San Jose, Calif., wired American Allied Financial her November rent money in the belief that she would receive her \$8,000 loan in time to pay her landlord. She said she thought it was odd she had to send money to get money.

"I thought I just didn't know enough about the loan process," she said.

Ford, Hall and Aliman are among thousands of people who have fallen prey to what consumer watchdogs say is a recent surge in advance-fee loan scams.

The scam has been around for decades. Many consumers are not aware that it is illegal to charge lending fees in advance. People with poor or no credit are enticed by ads, direct mail solicitations or telemarketing calls promising fast money at favorable terms.

The Internet has made it easier for scam artists to find victims. Consumers are drawn in by legitimate-looking Web sites, complete with privacy policies, customer service numbers and online loan applications.

Soon after filling out applications, the victims typically receive phone calls saying their loans were approved, but because of their credit ratings, they must first wire deposits or collateral.

Once the consumers oblige, the promised loans never materialize. The victims can no longer get in touch with the company and, having given out their bank account and Social Security numbers, are also vulnerable to identity theft.

In 2005, consumer protection agencies such as the Federal Trade Commission, the Better Business Bureau and the National Association of Attorneys General received nearly 14,000 complaints about advance-fee loan and credit-protection scams, according to Consumer Sentinel, a government clearinghouse that collects data on consumer fraud and identity theft. Consumer protection agencies have issued warnings about advance-fee loan scams in Virginia, Nebraska, Ohio, Michigan, and Oklahoma during the past six months.

Law enforcement officials have trouble tracking down loan scammers, who typically operate outside the country, creating a roadblock of jurisdictional issues. "These rogue operatives move quickly and reopen under various names.

The address provided by such firms are often false, nonexistent or drop boxes," said Edward Johnson III, president and chief executive of the Better Business Bureau for metropolitan Washington.

The bureau said it has received more than 140 complaints this year about advance-fee loan scams, compared with 22 last year. It has also received more than 3,130 inquiries about advance-fee loan operations, up from 810.

### Where to Turn for Help

It is illegal for a lender to ask you to pay a fee before you get a loan. If you have concerns about a lender, you can contact the attorney general's office in the state where the company says it is located, the Better Business Bureau, or Project Phonebusters, an anti-fraud call center in Canada, where many phony loan operations are based.

- **Better Business Bureau**, [www.bbb.org](http://www.bbb.org), 703-276-0100
- **Federal Trade Commission**, [www.ftc.gov/bcp/online/pubs/tmarkg/loans](http://www.ftc.gov/bcp/online/pubs/tmarkg/loans), 877-382-4357
- **Project Phonebusters**, [www.phonebusters.com](http://www.phonebusters.com), 888-495-8501 (toll free)

SOURCES: Better Business Bureau, FTC

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