
ftc consumer feature

Bureau of Consumer Protection

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Deposit Check, Forfeit Cash: The New Twist in Phony Prize Promotions

Imagine getting a phone call announcing that you've won \$125,000 in a foreign lottery. You're told that a cashier's check for \$25,000 — the first installment on your winnings — is in the mail, but that you won't have to pay the fees and taxes on your prize until you've deposited the check in the bank.

It's the latest twist on an old scam, says the Federal Trade Commission (FTC), and it's cheating some consumers out of thousands of dollars each.

According to Charles Harwood, director of the FTC's Northwest Region, the cashier's checks, supposedly issued by various U.S. and foreign banks and credit unions, are counterfeit. "Then, when the recipients or their bank officers call the phone number on the checks for verification," he says, "there's a fraudster on the other end of the line verifying the check in a performance that's worthy of an Academy Award."

That leads consumers to deposit the checks, and send the lottery company the requested fees. But Harwood says, because the fees can range from \$1,000 to tens of thousands of dollars, some consumers borrow that money against their so-called winnings. It's not until days or weeks later, when the cashier's check doesn't clear, that the consumers find out the phone line's been disconnected and the check was phony.

Harwood says this scam is so cleverly disguised that it fools even seasoned banking officials.

"Consumers who might otherwise be skeptical feel confident because they're not required to send any fees to the lottery company until they deposit their winnings," he says.

Consumers who believe they have been victimized by fraudulent foreign lottery offers should contact the FTC toll-free at 1-877-FTC-HELP (1-877-382-4357) or use the complaint form at www.ftc.gov, or call the Canadian PhoneBusters hotline toll-free at 1-888-495-8501.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.
