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Scam Alert – July 2009

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Online Rental Property Scams

In January 2007, I wrote about online sale scams pertaining to cars, boats, motorbikes and horses.

After receiving numerous phone calls in the last couple of weeks about online scams, I feel the need to not only re-report this, but also to expand on the topic as well.

To recap one of the variations of the scam, a legitimate seller will place an ad for an item on the internet (or magazine) with a contact email address for any responses. A scammer contacts the seller by email and states that he/she will pay the full asking price and that they will even pay an extra amount on top of the asking price. They will give a reason for the extra money as being for shipping of the item to a foreign country as they are representing an overseas buyer. The legitimate seller is often times astonished and excited to receive not only the full asking price, but the extra money as well. Upon anxiously accepting the offer, the scammer sends what appears to be a valid cashiers check. The seller is instructed that it needs to be deposited immediately and the extra money wired to a shipping company who will complete the transaction. Once you have deposited the check and wired the money, you have become a victim and more times than not, your money is gone for good. As counterfeit checks are sometimes difficult to distinguish from the real thing, it takes time to discover that they are fraudulent.

As previously stated in my May 2009 alert, under federal law, banks are required to make the funds available to you from U.S. Treasury checks and checks paid by government agencies at the opening of business the day after you deposit the check. In regards to non-government issued checks, each bank can set their own guidelines as to the time frame money from a check is released. What you need to understand is, that just because the funds have been made available to you on a check you've deposited does not mean the check is good. Fraudulent checks can take weeks to be discovered. **You are and will be held responsible for any funds withdrawn against that check.** Banks practicing good customer service will understand, once you explain to them the situation, that you are a victim in this type of situation and more often than not will set up a payment plan for you to repay the money.

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Renter victim:

A different variation of this scam, and one of the types of phone calls that I have been receiving, is regarding rental properties being listed online. Due to mortgage fraud, more and more people are turning to renting and looking online for rental properties. A scam artist will look online for legitimate properties that are listed for rent and then post a fraudulent listing on Craigslist or other rental websites. Some go to the extremes of making the listing so enticing that they renter is afraid of losing the property to another, so they wire the security deposit up front without having seen the property.

Landlord victim:

The other type of phone call I have received is wherein someone lists their property on Craigslist or other rental websites and they are contacted by someone that is wanting to rent the property site unseen. The proposed renter informs the landlord that they will wire the security deposit, first months and last month's rent to them. If the landlord accepts this agreement, the renter wires them more than what the agreed upon price was. The renter will then apologize and ask for the extra funds to be wired back. If the landlord is not cautious and does not wait to verify that the funds initially wired to him/her have cleared the bank, they could be out the funds if they refund the overage to the proposed renter. If the person should request your banking information to wire you money directly to your bank account, respectfully decline. This gives too much of your personal information to a scam artist.

To protect yourself from these type of scams, always remember that doing business online puts you at greater risk. You have no idea who you are dealing with or whether they are even located within the United States.

Always view the property and ask to see identification. If the person listing the property is with a real estate company, check the company out with the Better Business Bureau by either calling (866)206-1800 or checking their website at www.bbb.org . Property management companies should be listed with the State and can be checked on at www.sos.state.co.us or by calling (303)894-2200. You can also check the ownership of property by contacting your local assessors office.

As a final suggestion to keeping you safe, with so many properties in foreclosure at this time, ask if the landlord is current on their mortgage payments. The last thing you want is a surprise visit from someone telling you that the property is being foreclosed upon and you have to vacate the premises immediately.

Taking the extra time to research could save you thousands of dollars in the end.

~ IDENTIFY A SCAM BEFORE A SCAM IDENTIFIES YOU ~