

# PROTECT YOU AND YOUR FAMILY FROM FRAUD

*You might be surprised — servicemembers and their families are prime targets for financial fraud and scams.*

You can protect yourself and your family from fraud and scams! Many unethical people want your money. Servicemembers receive steady paychecks and deployment bonuses, frequently relocate, and may be financially inexperienced. As a result, servicemembers are targeted for inappropriate financial products and investments and a wide variety of fraudulent activities.

These include investment and financial scams, “get rich quick” schemes, predatory lending practices (such as providing credit on terms that are opportunistic, deceitful, fraudulent, or unfair), and unsuitable insurance policies with little or no death benefits. Family members at home are also vulnerable, especially while servicemembers are deployed.

If you believe you may have been victimized, please immediately contact your base financial counselor, military family support group, or local law enforcement. Also, contact the California Department of Corporations to determine if you should also file a formal complaint with a governmental agency.

# WATCH OUT FOR THESE SCAMS!

**Affinity Marketing** uses trust and friendship among people who share similar religious beliefs, ethnic background, military service, or other characteristics. For example, veterans are sometimes hired as salespeople specifically to gain the trust of servicemembers.

Don't trust a salesperson just because he/she has a military background or advertises in military newspapers or magazines. Also, don't trust a company just because it uses patriotic symbols or has a military-sounding name.

**Affinity Fraud** occurs when unethical people take advantage of trust among peer group members. Once one member of a group is persuaded to invest in a service or product, other members of the group become more easily convinced. As word spreads, an "insider" sense of urgency and momentum develops. Other group members may more easily believe that the product or investment is legitimate and worthwhile, making the entire group vulnerable to the same scam. Be cautious—the products and services offered may be unsuitable, or worse, fraudulent.

## **Bait and Switch Schemes**

Verify that paperwork matches promises. Unethical salespeople may try to switch interest rates, terms and conditions, or change other important financial details. They may also try to persuade you to buy financial products or investments that you cannot afford, are not in your best interest, or that are entirely different from the ones you thought you were purchasing. And **never** sign a blank form!

## **Charity Scams**

Verify that a charity is legitimate and that your donations support real programs and services. Also, be aware that con artists may pose as representatives of charities—and collect money only to help themselves. Before you make a donation, utilize the nationally recognized website "**Charity Navigator**" [www.charitynavigator.org](http://www.charitynavigator.org) for valuable help to evaluate charitable organizations.

If you want to verify that a charity is properly registered as an "exempt" organization, contact the **U.S. Internal Revenue Service (IRS)** (see page 14 ) and/or the **CA Department of Justice** (see page 13).

### **Introductory Seminars and “Free” Meals or Services**

Servicemembers and their families are often invited to introductory seminars or “free” meals in exchange for listening to sales pitches. Servicemembers may also be offered “free” services such as tax preparation. To gain your trust, companies may even hire veterans as salespeople or use patriotic-sounding company names. Common topics include investments, financial planning, insurance, real estate, taxes, vacation homes, and wills and living trusts.

Be cautious—these may be ploys to gain access to your personal or financial information, making you vulnerable to identity theft. Or, you may be unknowingly authorizing payments for products you don’t want (see the article “Before You Make *Any* Financial Decision” on page 7).

Ask the presenter to complete the “**Check Before You Invest**” form (see page 15) and then call the appropriate agency to verify both the presenter and his/her company are licensed and authorized to sell/offer the specific types of products. If a presenter refuses, DO NOT conduct business with that person.

### **Be Wary of “Immediate” Action Required**

If a financial opportunity sounds too good to be true, it most likely is. Don’t believe promises of quick profits, insider information, or tactics like “you must act now.” It is better to miss a so-called “opportunity” than to make an uninformed decision and lose your money. If a salesperson won’t allow you time to compare prices and features, or explore other options—be cautious! These are warning signs of fraud.

### **Investment Schemes Ponzi and Pyramid Schemes**

Be wary of promises of quick profits and low risks, official-sounding but vaguely described businesses, “gift clubs,” or other “unique” investments. Promoters might claim they have made profits for **all** of their investors. However, these investments are very risky, and some are illegal.

**Ponzi or Pyramid Schemes** make promises of high returns to entice new investors, but use the new money to pay previous investors, giving the appearance of success. These schemes always eventually collapse—leaving the newer investors with a financial loss.

**Multi-Level Marketing (MLM)** are often Ponzi schemes in disguise. In legitimate MLM, profits come from repeated sales of goods or services to willing consumers, and not by recruiting new salespeople. Research the company before you jump in. **Be suspicious** if:

- 1) Participants make money on each new recruit;
- 2) Each new recruit must make an up-front investment or purchase a starter kit to join;
- 3) New recruits are required to purchase more products than they can reasonably sell;
- 4) There is no customer refund policy.

**Work-at-Home Schemes**, such as online businesses, envelope stuffing, or claims processing, may seem to offer quick, easy income. These schemes usually require the up-front purchase of expensive manuals, products or contact lists that turn out to be phony. The promised profits never appear.

### **Life Insurance Products and Annuities**

Some life insurance products, while legitimate, may be unsuitable for servicemembers and their families. Servicemembers already receive low-cost, government-sponsored life insurance as a service benefit. Unfortunately, agents (sometimes veterans themselves) may steer servicemembers into higher-cost policies that may provide fewer benefits than those included in government policies.

These higher-cost policies frequently benefit the agents, because they receive “front-loaded” commissions (their full commissions are paid from your first year’s premiums). Also, some investments or savings products are actually insurance products in disguise.

In order to maintain an insurance policy, scheduled payments must be made over many years (usually 20) to achieve cost-effective results. Unfortunately, servicemembers often let these policies lapse, because they move frequently and may miss important payment notices, leave the armed services, or fail to maintain scheduled payments. These factors make such products inappropriate for most servicemembers.

Ask agents to complete the “**Check Before You Invest**” form (see page 15). Then contact the **California Department of Insurance** (see page 13) to verify the status of California agents and the companies they represent.

## **Online Purchases and Online Escrow Fraud**

Be cautious—there are many ways for scamsters to take your money, including rigged auctions, phony online escrow companies, or phantom merchandise. For expensive purchases (such as a car), only deal with salespeople and merchandise you can see in person—an inability or refusal to meet face-to-face *before* completing a financial transaction is a serious red flag.

**Don't** give personal or financial information over the web or telephone, unless it's via a secure website and **you** initiated the contact.

Also, use a **credit card** to make online purchases, since credit card purchases are covered by federal consumer protection laws. Additionally, use a “secondary” credit card (most credit card companies and financial institutions offer them for free), so that your primary account is not at risk. Debit cards, personal checks, cashier's checks, Money Grams, and money orders all take cash directly from you, and *do not provide* the same level of consumer protection.

## **Predatory Lending, and Mortgage and Foreclosure Fraud**

**Predatory Lending and Mortgage Fraud** involves a wide array of abusive practices and usually impacts borrowers with weak or blemished credit records. Abuse includes pressuring consumers into signing loans they cannot afford, convincing consumers to sign loan agreements without reading them, undisclosed or excessive interest, hidden fees, prepayment penalties, balloon payments, repetitive offers to refinance, and other inappropriate practices.

**Foreclosure Fraud:** Rising foreclosure rates are leading to increased foreclosure “rescue” scams and other related schemes. Be cautious, and don't sign your property away!

- Some homeowners are tricked into believing they can save their home by transferring the deed to a third party, who promises to pay the up-front costs and sell the house back to the original owners when they can afford it. The third party re-mortgages the property, and often then allows the property to default a second time. The original owners lose everything.
- Some homeowners are persuaded to surrender their home and rent it back from the buyer, with the promise to sell the house back to the original homeowners later. Unfortunately, the homeowners discover that rental fees

and/or the new purchase price are over-inflated and not affordable. The “rescuer “ then sells the house, and keeps the profits.

- Sometimes scamsters masquerade as homeowners and try to rent someone else’s foreclosed house to unsuspecting potential tenants—who turn out to lose their deposit and not have a place to live.

If you are having financial difficulties with a mortgage, need to renegotiate a loan, or are facing foreclosure, immediately contact base financial counselors or legal services. Be sure to ask whether the **Servicemembers Civil Relief Act (SCRA)** would apply to your specific circumstances. To locate legal help, go to <http://legalassistance.law.af.mil/content/locator.php>

### **“Phishing” and “Vishing”**

Scamsters commonly create authentic-looking but phony e-mail, text messages, log-in pages (such as e-mail or bank accounts), printed letters, etc. Or, you might receive voicemail messages that sound exactly like a legitimate call. Beware—these tactics try to entice you to disclose personal or financial information such as your account numbers, passwords, or PIN numbers.

If **you** did not initiate the contact, DO NOT provide any personal information via e-mail, “snail” mail, or by telephone! If you believe the contact might be legitimate, verify the company’s customer service telephone number by looking on your most recent billing statement, and then call to confirm. **Do not** respond directly to the e-mail or use the phone number listed in the e-mail or voicemail, as it may be bogus.

### **Precious Metals, Foreign Currency, Oil & Gas, and other Commodities**

Proceed with caution if you are considering investing in commodities such as gold, foreign currency, oil and gas or other energy resources, agricultural products such as soybeans, and other similar commodities. Volatile commodities markets are **very** risky and even experienced investors can lose **all** of their money very quickly.

Many of these opportunities guarantee low-risk and high profits, promise that you will “strike it rich,” or save on your taxes. However, many are investment schemes (see article on page 3). Once investors realize they have been swindled, the fraudulent promoter is long gone.

Even if the investment opportunity is legitimate, “profits” are frequently lost to high sales commissions paid to the promoter and questionable “management expenses” skimmed off the top. As a result, commodities are especially inappropriate for smaller investors.

### **Sweepstakes or Lottery Winners and Foreign Letter Fraud**

Don’t respond to calls, e-mail, or letters proclaiming that you just won a sweepstakes or lottery, even though you never bought a ticket! Scammers frequently request that you transfer funds, send a cashier’s check to pay taxes or legal fees, or submit bank information before winnings can be paid. NOTE: It is ILLEGAL for legitimate sweepstakes or lotteries to require funds (other than the initial ticket purchase) before paying winnings.

Other common ploys involve appeal letters or e-mail from strangers pretending to be a deployed servicemember, foreign government “official,” or a widow asking for your immediate help to move money “out of the country.” Watch out! These are scams designed to take your cash or gain access to your personal account information.

### **Telephone Scams**

Scammers frequently use telephones to swindle unsuspecting people out of their money. Be careful when responding “yes” to an automated telephone system that prompts you to answer questions—you could be agreeing to services you didn’t ask for. Also, carefully review your phone bills for accuracy, as you may be paying for a product or service you didn’t order.

*Be suspicious of any offers to “get rich quick” or that require “immediate action...”*

*If a financial opportunity sounds too good to be true, it probably is!*

# USE FINANCIAL COMMON SENSE

Making smart financial decisions requires analysis and careful attention to detail. Be financially cautious—some servicemembers have even lost their national security clearances due to extreme financial problems, and financial troubles can follow you back to civilian life. If you or your family members are having financial difficulties, don't let fear or embarrassment prevent you from getting help! Meet with base financial counselors to create a monthly/annual budget, identify your financial goals, and develop a financial plan.

## **Simple Steps to Manage Your Money**

Paying bills and living paycheck to paycheck is never easy. Here are some steps to help organize your finances:

- Make a list of all your sources of income and all your expenses (big and small).
- Calculate the total amount you owe each month. Realize that amounts owed each month may vary depending on when bills are due. Prioritize your debts (pay off loans with the most expensive interest rates first).
- Cut the purchases that you can do without. Little day-to-day purchases, such as coffee, fast food, or movie tickets, can add up to a large portion of your income.
- Plan ahead for occasional big bills such as insurance, mortgage payments, property taxes, and car registration. Don't forget to factor in special occasions such as holidays and birthdays. Unexpected expenses or medical emergencies can be financially devastating.
- Save for a rainy day. Even a small amount per week will build up over time. An emergency fund comes in handy for unexpected expenses.
- Use credit cards for convenience only, and pay them off monthly if at all possible, or at least pay more than the minimum monthly payment. Remember, credit debt is actually a negative investment—it takes money away from you every month.
- Don't be a victim of predatory lending, including loans you cannot afford, undisclosed or excessive interest, hidden fees, and prepayment penalties.

## **Keep Good Credit**

The better you manage your money, the easier it will be to get credit when you need it. Make sure purchases and investments are well within your budget; review payment due dates and pay bills on time; and don't get trapped by debt.

Your **credit score** is used by lenders to determine whether you qualify for a specific credit card, loan, or financial service, and impacts the interest rate on your current and future loans. The better (“higher”) your credit score, the lower the interest rate you pay. You can improve your credit score by paying your bills on time (and paying them off in full). And avoid surprises—review your credit score *before* you apply for new credit (car loans, mortgages, or credit cards).

As part of the **U.S. Department of Defense Financial Readiness Campaign**, active duty servicemembers and their spouses can get a free copy of their credit score. Go to:

[www.saveandinvest.org/Military/manageMoney/managingCredit/P037115](http://www.saveandinvest.org/Military/manageMoney/managingCredit/P037115) for this offer. Otherwise, for a small fee, you can get your credit score from any of the national credit bureaus (listed on page 8) or go to [www.myfico.com](http://www.myfico.com). Avoid other “free” credit score offers—most automatically enroll you (for a monthly fee) in a credit monitoring service that you may not need.

A **credit report** shows your credit activities, including loans, unpaid balances, how regularly you make payments, and any actions against you due to unpaid bills. Review your credit report regularly to make sure you are not a victim of identity theft. See articles on page 8.

## **Pay Attention to Monthly Statements**

Keep tabs on your checking, savings, investments, insurance, phone bills, and credit card accounts. Review bills monthly to ensure all fees and charges are accurate. Make sure you have sufficient funds before writing checks or using your debit card—overdraft fees can be very expensive.

## **Before You Make Any Financial Decision**

- Identify your financial goals and analyze various options before you make financial decisions. Consider how much financial risk you can tolerate, and recognize this may change as your life circumstances change. Base financial counselors are available to help you.

- Make certain you can really **afford** a major purchase, insurance product, or investment, and that you are certain the product/service is **suitable** for you and your family. Don't forget to consider cash flow, on-going maintenance, taxes, and other related expenses. Remember—only invest what you can afford to lose.
- If you don't have the time to thoroughly research alternatives, you probably should reconsider whether a particular financial decision really is suitable for you.
- Verify that people who make money from your purchases and investments have proper credentials before you disclose your financial information, Social Security number, or other personal information. Always ask salespeople to fill out the “**Check Before You Invest**” form (see page 15) to verify their California licenses, work history, company, and products. Immediately report concerns or complaints to the appropriate agency.
- Insist that salespeople disclose, **in writing**, all costs, service charges, penalties, fees, and commissions (this allows you to better compare products and services). Ask about their potential conflicts of interest; for example, salespeople may receive bonuses if you buy a particular product they recommend.
- Be sure to ask about prepayment and early withdrawal penalties or fees. Also make sure that you will be able to access your assets if you need cash in the future.

### **Before You Sign *Any* Documents**

Get all details in writing, and fully read the fine print no matter how long it takes. Ask questions, only sign paperwork when you understand the details, and **NEVER** sign a blank form.

### **Transaction Fees and Surcharges**

Be aware of fees and surcharges! Airline and concert tickets, gasoline, ATMs, hotels, and even gift cards may have added-on charges that make seemingly inexpensive items much more costly. These small charges make it difficult for you to compare prices, and can quickly add up to hundreds of dollars per year.

### **Cell Phone Contracts**

Call your cell phone service provider to find out whether they offer special assistance for servicemembers. Often, if you provide copies of your military orders, cell phone service providers will suspend or cancel your plan without penalties or fees (although they are not legally obligated to do so). Since cell

phone contracts usually last two years, ask your service provider about deployment options before you sign any new agreements.

### **Car Loans**

Check with your bank or credit union to explore car loan financing options and interest rates. A car loan typically takes 4 to 6 years to repay. Also consider whether you will be able to manage the payments, car insurance, operating costs, and repairs.

### **Other Helpful Links**

- To help you establish and keep good credit, get out of debt, and save and invest: [www.saveandinvest.org](http://www.saveandinvest.org)
- To help you develop a personal roadmap to saving and investing: [www.sec.gov/investor/pubs/roadmap.htm](http://www.sec.gov/investor/pubs/roadmap.htm)
- For impartial investor educational information: [www.investorprotection.org](http://www.investorprotection.org)
- For a glossary of financial terms and phrases: [www.corp.ca.gov/Education\\_Outreach/literacy/glossary.asp](http://www.corp.ca.gov/Education_Outreach/literacy/glossary.asp)

# SAFEGUARD YOUR PERSONAL INFO

**Helpful Hints:** Check all bills and financial statements immediately when you receive them • Shred, don't toss, cancelled checks, credit card statements, old bills, and other financial papers • To protect yourself from mail thieves, send mail at the post office or give outgoing mail directly to your postal carrier • DO NOT use such things as your mother's maiden name, birth dates, phone numbers, consecutive numbers, or the last four digits of your Social Security number for any password.

## Request Your Credit Report

A **credit report** shows your credit activities, including loans, unpaid balances, how regularly you make payments, and any actions against you due to unpaid bills. You are entitled to a **free** credit report once a year from **each** of the national credit bureaus. Rotate your requests so you receive one every four months. Review credit reports carefully: look for accounts you don't recognize (especially new accounts), suspicious charges, errors, or any addresses where you've never lived. Children can also be targets of identity theft, so request their credit reports too.

## Call the Three National Credit Bureaus

<b>Toll-Free:</b>	<b>Trans Union</b>	1-800-680-7289
	<b>Experian</b>	1-888-397-3742
	<b>Equifax</b>	1-800-525-6285

You can also go to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call Toll-Free 1-877-322-8228 to make one request per year and get all three reports at the same time, free of charge.

**Be aware:** some websites offer "free" credit reports, but may charge you for another product (such as costly ID-theft protection) if you order the "free" report.

## Protect Your Credit

**"Active Duty Alerts"** are available while you are deployed, so that others can not take advantage of your credit during your absence. Once the "Active Duty Alert" is issued, creditors must verify your identity before granting additional credit in your name. An Alert remains in effect for one year, but it can be removed sooner

upon your request. If deployment lasts longer than one year, you must request another Alert.

To place an “Active Duty Alert,” or to have it removed, call any one of the national credit bureaus listed on this page. The bureau you contact is required to coordinate the “Active Duty Alert” with the other two bureaus. Your legally designated representative may also place or remove an Alert on your behalf.

**Freeze Your Credit** (even when you are not deployed) by contacting all three national credit bureaus. Follow their separate procedures (each will charge \$10). If you need additional credit later, you can “lift” or “remove” the freeze—fees are \$10-12 per credit bureau. If you are a victim of identity theft, these fees are waived.

“**Opt-Out**” to remove your name from mailing lists used to offer you additional credit or insurance. Go to **Consumer Credit Reporting** [www.optoutprescreen.com](http://www.optoutprescreen.com) or call Toll-Free 1-888-567-8688.

### **Internet Privacy**

Be very careful when posting personal information on the web—it is difficult, if not impossible, to ever remove it.

**If You Think Your Identity has been Stolen** If you suspect that someone else is using your military ID, Social Security or driver’s license numbers, or you are concerned about the security of your financial information, go to [www.USA.gov](http://www.USA.gov) and click on “Identity Theft.”

Immediately report identity theft to your base financial counselors and local police department. Provide as much information as possible, including copies of credit reports and other items related to the identity theft, and be sure to ink out personal information not related to the identity theft. Ask for a police report, as you will need to give copies to creditors and all three national credit bureaus. Provide the police with any new evidence you later collect.

Be aware—untangling identify theft can take a long time. Valuable information, sample letters, and other assistance is available for free at the **Identity Theft Resource Center**: [www.idtheftcenter.org](http://www.idtheftcenter.org) or call Toll-Free 1-888-400-5530.

### **If Your Social Security or Medicare Card or Number is Stolen**

If you suspect that someone else is using your Social Security number, or if you have received notice from the Internal Revenue Service of unreported taxable income that is not yours, or if you suspect that your Medicare number is being improperly used, call the **U.S. Social Security Administration** Toll-Free 1-800-772-1213.

**If Your Credit Card is Lost or Stolen** Immediately contact your credit card company to cancel the credit card. By law, once you report the loss or theft, you have no further financial responsibility for unauthorized charges.

Contact any one of the three national credit bureaus (listed on page 8) to initiate a free-of-charge “fraud alert.” That company will then inform the other two, and activate procedures to prevent anyone else from taking out credit in your name or requesting a replacement card on your existing accounts. A fraud alert stays active for 90 days.

With a police report, you may also request an extended fraud alert that lasts 7 years. To remove the “fraud alert,” you must contact each credit reporting company separately.

**If Your Checks, ATM Card or Bank Account Information are Lost or Stolen**

Immediately notify your bank or credit union to stop payments and ask them to notify their check verification company. Follow up in writing; keep a copy and send by “certified mail, return receipt requested.” Change your passwords or close the account(s) and open a new account with a new password.

**If your checks have been stolen**, call these companies

<b>Toll-Free:</b>	<b>TeleCheck</b>	1-800-710-9898
	<b>Certegy, Inc.</b>	1-800-437-5120

**To find out if bad checks have been passed using your name or account**, call this company **Toll-Free: SCAN 1-800-262-7771**

**If Your CA Driver’s License or DMV-issued ID Card is Lost or Stolen**

If you are in CA, immediately go in person to the nearest **Department of Motor Vehicles** office and apply for a replacement driver’s license/ID card. **Then** request that the DMV place a fraud alert on your driver’s license number by calling the **CA DMV Fraud Hotline** Toll-Free 1-866-658-5758 or send an e-mail to [DLFraud@dmv.ca.gov](mailto:DLFraud@dmv.ca.gov)

If someone is using your driver’s license/ID card number, contact the nearest DMV office for an appointment. You will need to prove your identity, so bring current documents such as a passport, proof of citizenship or naturalization, or a U.S. military photo ID.

Also bring copies of the police report, bills, and other evidence that support your claim that your identity was stolen. If you meet DMV’s identity theft requirements,

DMV will then issue you a new driver's license/ID card number. Other states have similar procedures.

### **If You Suspect Mail Fraud**

Identity theft and financial scams are often committed via the United States Postal Service (USPS), making them federal crimes. If you receive suspicious solicitations by mail or suspect that your mail has been tampered with, immediately contact the **USPS Inspector General**.

Go to [www.postalinspectors.uspis.gov](http://www.postalinspectors.uspis.gov) or call Toll-Free 1-800-372-8347.

### **For Further Assistance**

- For consumer assistance, information, and education on privacy issues, go to **CA Office of Information Security and Privacy Protection** [www.privacy.ca.gov](http://www.privacy.ca.gov) or call Toll-Free 1-866-785-9663.
- For help resolving financial and other problems associated with identity theft, and to file complaints, call the **U.S. Federal Trade Commission Identity Theft Hotline** Toll-Free 1-877-438-4338.

# FINANCIAL DIFFICULTIES

## Signs of Financial Trouble

If any or all of the following signs apply to you, you may need help with your finances and should visit your base financial counselor:

- 1) You are only able to make the minimum payment on a credit card for two consecutive months;
- 2) You are making late payments, have missed payments, or have to juggle payments because your take-home pay isn't stretching far enough;
- 3) Your total credit card debt is more than your monthly income;
- 4) You don't have any savings.

## If You Have Credit Problems

Contact your creditor **before** a payment is late. Ask to waive late fees, reduce the interest rate, and/or work with you to establish a payment schedule that will work for you.

## Debt Management/Debt Settlement Companies and Proraters

It isn't necessary to utilize agencies for help with your debts. You can negotiate directly with debtors, or ask base financial counselors to help. Be careful—just because a debt management agency claims to be “non-profit” doesn't guarantee the services are legitimate or affordable.

For assistance with credit problems and creditors, go to **National Foundation for Credit Counseling** [www.nfcc.org](http://www.nfcc.org) or call Toll-Free 1-800-388-2227.

## Loan Modification and Foreclosure Companies and Consultants

These companies and consultants typically offer to renegotiate an existing mortgage, or prevent foreclosure in exchange for a large up-front fee. Unfortunately, distressed homeowners end up paying for services that may be available for free, or receive no help despite paying the fee.

**Help is available**—servicemembers or military families who are experiencing financial difficulties with a mortgage, need to renegotiate a loan, or prevent foreclosure, should immediately seek free legal assistance on base. Be sure to ask whether the **Servicemembers Civil Relief Act (SCRA)** would apply to your specific circumstances. To locate legal help, go to <http://legalassistance.law.af.mil/content/locator.php>

### **If You are Facing Bankruptcy**

Recent federal law requires mandatory credit counseling before you can declare bankruptcy. **The U.S. Department of Justice Trustee Program** approves organizations to provide mandatory counseling **before** you can declare bankruptcy, and mandatory debtor education **after** you declare bankruptcy. Go to [www.usdoj.gov/ust/eo/bapcpa/ccde/index.htm](http://www.usdoj.gov/ust/eo/bapcpa/ccde/index.htm)

You can download a useful publication from the **Federal Trade Commission**, *“Before You File for Personal Bankruptcy: Information about Credit Counseling and Debtor Education.”* Go to <http://www.ftc.gov/bcp/menus/consumer/credit/debt.shtm>

### **Military Financial and Legal Services**

Servicemembers and their families are eligible for free financial and legal assistance. Explore your options with people you can trust, not someone who’s earning a commission off your decision.

- If you need assistance with your finances, please contact your **base financial counselors**. They can help you review your financial situation and assist you to develop a personalized money management plan.
- If you need legal help, **free military legal assistance** is available on base or go to <http://legalassistance.law.af.mil/content/locator.php>.
- Every service branch has **service aid societies** to provide advice and emergency financial assistance to servicemembers and families. For a complete listing, go to [www.ourmilitary.mil/service\\_aid.shtml](http://www.ourmilitary.mil/service_aid.shtml)

For other helpful organizations, go to [www.ourmilitary.mil](http://www.ourmilitary.mil) (under “Support for Our Troops” on the right-side column).

# “ANTICIPATORY” LOANS

“Anticipatory” loans allow you to borrow your own money for a short time—with high interest rates or expensive fees. These loans rely on specific income for future repayment (such as a pending tax refund or your next paycheck) or utilize the cash value of your property (such as a car).

These loans don’t require a credit check or lengthy approval process, and may seem to be an easy way to get cash in a hurry. **But remember: borrow only as much as you can afford to pay back in full when you get your next paycheck.** These loans can lead to a cycle of debt from which it will be expensive and difficult to recover.

Depending on specific loan conditions, fee structures, and the length of “borrow” time, these loans can cost consumers from 50% to nearly 1,300% APR equivalent. APR is the total interest rate that a borrower pays annually on a loan, including all fees and charges, and is used to reveal the total cost of borrowing money. By comparison, credit cards may have APRs ranging from 5-36%, depending on your credit score, and a loan for a new car may have an APR of 4-7%.

- **Car Title Loans** use the borrower’s car (and keys) as collateral; the car title and keys are returned only after the loan and all interest and fees have been paid off. Be careful—a loan default results in the vehicle being repossessed. Additionally, if you still owe money on an original car loan, you will be obligated to continue payments on that loan as well.
- **Overdraft Protection** provides an “instant” loan (with fees), either from the bank or from your personal savings account, to cover checks, ATM withdrawals, debit card purchases and electronic transfers in case of insufficient funds. Be careful—these fees translate into high interest rates, and may be much more expensive than late payment penalties or the interest on unpaid balances on your credit card.
- **Tax Refund Loans** may provide cash faster than tax agencies might, but reduce your tax refund by the loan amount plus fees/high interest. Be cautious—the loan must still be repaid with additional fees if your refund turns out to be smaller than you thought or if you owe back taxes. Another option is to have direct deposit of your tax refund—which gets credited to your account more quickly than a check can be processed, without costing you fees or interest.

- **Payday Loans & On-Line Cash Advances** are similar.  
(See article below.)

## Payday Loans & On-Line Cash Advances

In California, **Payday loans** (also called “cash advance” or “deferred deposit” loans) and **On-line Cash Advances** are regulated by the Department of Corporations. Typically, a borrower fills out an application, provides documentation, and then writes a check; the lender does not cash the check until the borrower’s next payday, up to 31 days later.

Payday lenders and on-line cash companies are required to **visibly post** their CA license and fee schedule at every store and/or on websites, and must provide contact phone numbers. CA law restricts these loans to a **maximum of \$300**, and a lender **cannot** make you a new loan to pay off an existing payday loan. If you request an extension of time or a payment plan, a payday lender **cannot** charge additional fees (however, they are not legally required to grant your request). If your check bounces, you can only be charged one bounced check fee. A payday lender **cannot** threaten to prosecute you in criminal court for insufficient funds.

### **Payday Loans to Military Members and Their Dependents**

Recent changes in federal\* and California law restrict payday loan fees for military servicemembers and their dependents. Since the maximum fee that can be charged is equivalent to **36% APR**, some lenders may choose **not** to make loans to servicemembers and their dependents. You may also have other legal protections under CA law.

\* Under the John Warner National Defense Authorization Act of 2007 (Public Law 109-364)

If you want to verify the fees are correctly calculated, want to check a lender’s license, have questions, need help, or you suspect violations of these laws, call us Toll-Free.

# RETURNING TO CIVILIAN LIFE

## **Register with Veterans Affairs for Important Future Benefits**

The US Department of Veteran Affairs provides many important services and benefits to servicemembers and their families. Go to [www.va.gov](http://www.va.gov) to find veterans' service organizations, locations of VA facilities and news.

In addition, **all** servicemembers should register with the VA when returning to civilian life, regardless of whether you think you will use VA services or not. You may find you need VA services and benefits in the future, for example, if you choose to go to school, or if you develop a service-related problem.

Go to [www.va.gov](http://www.va.gov) for complete information on services and benefits. You can register with the VA on-line at <http://vabenefits.vba.va.gov/vonapp/main.asp>

**Also**, be sure to utilize the many veteran programs and services available in your home state. California veterans and their family members may be eligible for tuition assistance, job training programs, farm and home loans, waived auto registration fees, and numerous other benefits. Go to [www.cdva.ca.gov](http://www.cdva.ca.gov) for complete information. Other states have similar programs.

## **Civilian Transition Assistance Program (TAP)**

An intensive employment preparation program is available to help servicemembers transition back into the civilian workforce. Vocational guidance, training programs, and other employment services will help you make realistic career choices and find jobs. For a complete listing of California job service centers hosted by the **California Employment Development Department (EDD)**, go to [www.edd.ca.gov](http://www.edd.ca.gov) Other states offer similar programs.

## **Help With Post Traumatic Stress Disorder (PTSD)**

Servicemembers and families experiencing the symptoms of PTSD require assistance and support. To find the nearest VA medical center, community based outpatient clinic or Veterans Center, go to [www.ncptsd.va.gov](http://www.ncptsd.va.gov) for complete information and services.

## **Support Services for Families**

Servicemembers and families may face challenges and adjustments when returning to civilian life. For a listing of family support programs, go to <http://www.oefoif.va.gov/FamilySupport.asp>

### **Assistance with Overspending and Gambling Problems**

If you or family members frequently spend more than you can afford, gamble even when you are barely making ends meet, worry about your ability to qualify for a loan, fear opening monthly bills or can't seem to pay bills on time—you may need help! For advice and support, go to **Spenders Anonymous** [www.spenders.org](http://www.spenders.org) or **Gamblers Anonymous** [www.gamblersanonymous.org](http://www.gamblersanonymous.org). The **California Council on Problem Gambling (CCPG)**, a non-profit organization, assists problem gamblers and their families by promoting awareness, prevention, and treatment. Go to [www.calproblemgambling.org](http://www.calproblemgambling.org) or call Toll-Free 1-800-GAMBLER.

# RESOURCES

AGENCY	RESPONSIBILITIES	CONTACT INFORMATION
CA Contractors State License Board	Licenses & Regulates 43 classifications of contractors and home improvement sales.	Toll-Free 1-800-321-2752 www.cslb.ca.gov
CA Department of Consumer Affairs	Licenses & Regulates various professions including doctors, dentists, contractors, funeral and cemetery providers, auto repair technicians and repair shops, and cosmetologists.	Toll-Free 1-800-952-5210 www.dca.ca.gov
CA Department of Corporations	Licenses & Regulates broker-dealers, investment advisors; securities, franchises, off-exchange commodities; independent escrow agents; payday loans, consumer, and commercial loans, mortgage bankers, and check sellers.	Toll-Free 1-866-ASK-CORP or (275-2677) TTY: 1-800-735-2922 www.corp.ca.gov
CA Department of Insurance	Licenses & Regulates insurance companies, agents, and brokers, viatical settlements, annuities.	Toll-Free 1-800-927-HELP or (927-4357) www.insurance.ca.gov
CA Department of Justice -- Office of the Attorney General	Oversees charities and commercial fundraisers, medical fraud, sweepstakes, mail fraud, and identify theft.	Toll-Free 1-800-952-5225 www.caag.state.ca.us Identity Theft Victims Toll-Free 1-888-880-0240

AGENCY	RESPONSIBILITIES	CONTACT INFORMATION
CA Department of Real Estate	Licenses & Regulates real estate brokers, real estate salespeople, and real estate mortgage lender/broker activities.	(559) 445-5009 – Fresno (213) 620-2072 – Los Angeles (510) 622-2552 – Oakland (619) 525-4192 – San Diego <a href="http://www.dre.ca.gov">www.dre.ca.gov</a>
CA Department of Social Services	Provides information about social services, including cash aid, food, transportation, housing, health, residential care, day care, foster care, adoption, disaster services, refugee services, and in-home care.	<a href="http://www.dss.cahwnet.gov">www.dss.cahwnet.gov</a>
CA Department of Veterans Affairs (CDVA)	Provides benefits and services to CA veterans, including benefits to dependents and survivors.	Toll-Free 1-800-952-5626 <a href="http://www.cdva.ca.gov">www.cdva.ca.gov</a>
CA Employment Development Department (EDD)	Offers Transition Assistance Program (TAP) to help servicemembers transition back into the civilian workforce. Classes are conducted at most military installations in California and are open to all military branches.	To locate the EDD office nearest you, see listing in the white pages under State Government. <a href="http://www.edd.ca.gov">www.edd.ca.gov</a>
Financial Industry Regulatory Authority (FINRA)	Licenses & Regulates individuals and firms dealing in securities, equities, bonds, securities futures, and options. Also establishes rules and conducts audits.	Toll-Free 1-800-289-9999 <a href="http://www.finra.org">www.finra.org</a>

AGENCY	RESPONSIBILITIES	CONTACT INFORMATION
Investor Protection Trust	Provides impartial, non-commercial information about investing.	<a href="http://www.investorprotection.org">www.investorprotection.org</a>
Military One Source	A 24/7 resource for military servicemembers, spouses & families.	Toll-Free 1-800-342-9647 <a href="http://www.militaryonesource.com">www.militaryonesource.com</a>
Save and Invest (FINRA Office of Investor Education)	Designed for servicemembers and their families; information includes financial calculators and how to make wise financial decisions.	<a href="http://www.saveandinvest.org">www.saveandinvest.org</a>
U.S. Department of Defense (DOD)  Community Relations	Up-to-date information for servicemembers and their families.  Contains an extensive directory of programs dedicated to helping servicemembers and their families (located under the "Support for Our Troops" section).	<a href="http://www.defenselink.mil">www.defenselink.mil</a>  <a href="http://www.ourmilitary.mil">www.ourmilitary.mil</a>
U.S. Department of Veterans Affairs (VA)	Provides information, benefits, and services to U.S. servicemembers, their families, veterans, dependents, and survivors.	VA Benefits Toll-Free 1-800-827-1000 TDD: 1-800-829-4833 <a href="http://www.va.gov">www.va.gov</a>
U.S. Federal Trade Commission (FTC)	Provides consumer protection against abusive lending, truth in lending, credit cards, identity theft, franchises, businesses, telemarketing, funerals and cemeteries.	Toll-Free 1-877-FTC-HELP or (382-4357) <a href="http://www.ftc.gov">www.ftc.gov</a>

AGENCY	RESPONSIBILITIES	CONTACT INFORMATION
<p>U.S. Government Official Web Portal</p>	<p>Provides links to hundreds of official governmental websites with important information and services for military and veterans, including identity theft, benefits, and consumer protection.</p>	<p><a href="http://www.usa.gov">www.usa.gov</a></p> <p>Military Identity Theft <a href="http://www.usa.gov/veteransinfo">www.usa.gov/veteransinfo</a></p>
<p>U.S. Internal Revenue Service (IRS)</p>	<p>Provides information on legitimate charities, tax-related fraud schemes, fraudulent federal tax returns, and other information.</p>	<p>Charities Information Hotline Toll-Free 1-877-829-5500 Hotline to report Tax Fraud Toll-Free 1-800-829-0433 <a href="http://www.irs.gov">www.irs.gov</a></p>
<p>U.S. Securities and Exchange Commission (SEC)</p>	<p>Licenses and Regulates national securities exchanges (NYSE and NASDAQ), investment companies (e.g. mutual funds) and investment advisors (managing over \$25M in client assets).</p>	<p>Toll-Free 1-800-732-0330 <a href="http://www.sec.gov">www.sec.gov</a></p>
<p>Vets Centers</p>	<p>207 community-based counseling centers, staffed by multi-disciplinary teams, many of whom are combat veterans themselves.</p>	<p>Vets Centers 1-800-905-4675 (Eastern) 1-866-496-8838 (Pacific) <a href="http://www.va.gov">www.va.gov</a></p>

# CHECK BEFORE YOU INVEST

**Before investing**, have the person offering products/services **complete** this form, **sign it**, and **return** it to you. **Verify** both the person and company are **licensed** and **authorized** to sell/offer the specific type of product by **contacting** the appropriate licensing agency (see reverse side for agency contact information). **Keep** the completed form for your records.

**Please print clearly.**

Seller/Agent Name:

\_\_\_\_\_  
Company/Business Name:

\_\_\_\_\_  
Company/Business Address:

\_\_\_\_\_  
Phone Number(s): \_\_\_\_\_ E-mail: \_\_\_\_\_

**I am offering the following product(s) and/or services (check all that apply):**

**Investments:**       Securities    Mutual Funds       IRAs  
 Private Placements Oil & Gas/Minerals  
Other: \_\_\_\_\_

**Loans:**               "Payday"    Mortgage    Car  
 Other: \_\_\_\_\_

**Financial Planning:**    Investment Advice    Financial Planning  
 Wealth Creation

**Insurance:**             Life       Annuities       Viaticals  
 Other: \_\_\_\_\_

**Real Estate:**         Refinance    Reverse Mortgage       Equity Loan  
 Investment (specify) \_\_\_\_\_

**Legal Services:**     Wills           Living Trust           Estate Planning  
 Other: \_\_\_\_\_

**Accounting:**         Tax Preparation    Other: \_\_\_\_\_

**Contractor Services:**  Home Repair  Remodeling

Other: \_\_\_\_\_

**I am currently licensed by:**

CA Department of Corporations

License #: \_\_\_\_\_

CA Department of Insurance

License #: \_\_\_\_\_

CA Department of Real Estate

DRE License #: \_\_\_\_\_

CA State Bar Association

State Bar #: \_\_\_\_\_

CA Board of Accountancy

CPA License #: \_\_\_\_\_

CA Contractors State License Board

License #: \_\_\_\_\_

Other: \_\_\_\_\_

License #: \_\_\_\_\_

**I certify that I am making these representations truthfully in order to do business with you.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Before Investing or Getting Advice** have the person offering products/services complete this form, sign it, and return it to you.

**Verify** both the salesperson/advisor and his/her company are licensed and authorized to sell/offer the specific type of product. Remember to keep this completed form for your records.

**Contact** the appropriate California licensing agency below (or call the California Department of Corporations for referral to other agencies).

## **CALIFORNIA DEPARTMENT OF CORPORATIONS**

**For additional copies of this booklet, please call the Toll-Free number below, or e-mail [forms@corp.ca.gov](mailto:forms@corp.ca.gov) We are also available to conduct public presentations about these consumer protection programs.**

**Toll-Free 1-866-ASK-CORP  
(1-866-275-2677)  
TTY 1-800-735-2922  
Online [www.corp.ca.gov](http://www.corp.ca.gov)**

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[www.investorprotection.org](http://www.investorprotection.org)