



Competition Bureau  
Canada

Bureau de la concurrence  
Canada

# FACT

## Fraud Awareness for Commercial Targets



*March is Fraud Prevention Month*  
**FRAUD: RECOGNIZE IT. REPORT IT. STOP IT.**

Practical Advice on How to Protect Your  
Business or Not-for-profit Organization  
Against Fraud





## FACT: What is Fraud Awareness for Commercial Targets?

***The FACT campaign will help your business or not-for-profit organization to:***

Arm you and your colleagues with the tools necessary to avoid falling victim to mass marketing fraud

Join the fight against scamsters

Protect your organization's bottom-line

### ***Mass Marketing Fraud***

*A deceptive or misleading business practice where you receive unsolicited or uninvited contact via mass media (either by email, fax, telephone, mail or advertisement) and false promises are made to con you out of your money.*





## Mass Marketing Fraud is a Serious Crime

Mass Marketing Fraud is fraud committed over mass communication media telephone, mail, and the Internet—as well as state of the art technology.

### Scope of the Problem

- Mass marketing fraud (MMF) continues to be a significant problem on a global scale. Fraudsters who engage in MMF employ business models which target victims external to their own geographic area, crossing municipal, provincial, federal and international boundaries. Organized crime groups involved in MMF have proven their ability to adapt business models to a changing environment. Frequently, a single organized crime group may be responsible for related cases across multiple jurisdictions, allowing for evasion of detection and prosecution of those responsible. In 2008, nearly 6 in 10 Canadians reported being targeted by MMF with losses in Canada estimated at more than \$10 billion.





# Mass Marketing Fraud is a Serious Crime

## Scope of the Problem

- Estimated that 95% of victims of mass marketing fraud do not report it to authorities
- Myth that scams only target certain consumer demographics (i.e. – elderly, uneducated, naïve)
- Those who lose money to scams are 30% more likely to be scammed again

## Competition Bureau Experience

- In 2006-07, 67% of fraud cases pursued by the Bureau under the criminal regime of the *Competition Act* were scams that targeted businesses





# Mass Marketing Fraud is a Serious Crime

## Competitive Impact

- Scams in the marketplace undermine trust in legitimate business activities and negatively impact their profit margins
- Fraud costs businesses and not-for-profit organizations millions
- Canadian businesses are losing money annually to these scams, leading to increased costs that compromise their “competitive edge”
- Losses to not-for-profit organizations impede their ability to deliver programs and services to those who need it most





# Overview

## What You Will Learn

- Common Techniques of Fraudsters
- Types of Business Scams
- Key Phrases Used by Fraudsters
- Why You May Be Vulnerable to Fraud
- How to Protect Your Organization
- How to Build an Anti-fraud Plan





## Common Techniques of Fraudsters



Who Are These Fraudsters That Are After Your Organization's Hard-earned Money?

You expect: *shifty, uneducated, creepy*

They present: *friendly, bright, efficient*

***Competent.***

***Courteous.***

***Criminal.***





## Common Techniques of Fraudsters



### Your Guard Is Down

**You expect:** *a telemarketing sales call*

**They present:** *a call to confirm your address or resolve a shipping problem*

**You expect:** *high pressure tactics*

**They present:** *business as usual*







## Types of Business Scams: Office supply scams



**Paper**  
**Toner**  
**First aid kits**  
**Light bulbs**  
**Rolls for credit machines**

### Why These Scams Work

Scam artists pose as your regular supplier.

There is little difference between brands so you will likely buy what's cheapest.

All offices need these goods, many are essential.





## Types of Business Scams: Office Supply Scams

### Profile of a Typical Scam

On 1<sup>st</sup> call, the fraudster gathers details to be used later.

On 2<sup>nd</sup> call, the fraudster gets you to agree to receive a shipment. This call is often recorded.

A shipment arrives. The products are overpriced and of poor quality.

The shipment can't be returned. You can't reach the company to discuss the matter.

If you don't pay, you get aggressive collections calls. The recording is used to prove that you "agreed" to a purchase.

You feel threatened or frustrated and so you agree to pay.





## Types of Business Scams: Directory Scams



**Industry listings**  
**Top 100 companies in your city or nation**  
**Who's who in your sector**



### Profile of a Typical Scam

You are asked to advertise within and/or purchase a directory targeting your sector or industry.

The directory never arrives, or contains no reliable information

### Why These Scams Work

All organizations want to promote themselves – it's an easy sale for the scam artist.

Can consist of real information and bogus entries, but if you don't look too closely or use it, you may not realize that it's a scam.



## Types of Business Scams: Phoney Invoice Scams



### Profile of a Typical Scam

You receive an invoice for a service you commonly order so you pay it.

You put their address on your vendor list so other charges are paid without question.

### Why These Scams Work

Invoice has the look and feel of a bill, from a legitimate company.

Amounts are low so the charges aren't scrutinized.





## Key Phrases Used by Fraudsters

- *We are calling about a pre-authorized purchase.*
- *We've had some delays in our shipping department and need to confirm your order.*
- *I was speaking with you previously.*
- *Do you require a purchase order or can I send it directly to you?*
- *We'll be recording our call for quality control purposes.*





## Key Phrases Used by Fraudsters

- *May I ask what kind of printing equipment you use?*
- *We are calling to confirm shipping details.*
- *We are calling to confirm your account information.*
- *You have a two-year listing with us.*
- *I am calling to approve your advertising copy for our directory.*





## Why You May Be Vulnerable to Fraud?



- You believe this doesn't affect you.
- You are too busy to inform yourself about fraud.
- You don't have processes in place.
- You are distracted when you answer the phone, read email or pay invoices.





## Why You May Be Vulnerable to Fraud?



- You don't have time to deal with aggressive collections calls.
- You experience regular staffing changes.
- You recognize the company pitching to you but don't pay attention to details.
- You don't report fraud to the authorities.







## How to Protect Your Organization

*how to*  
***say no***

- *I need to see an offer in writing first.*
- *Send me a copy of our order.*
- *We only pay with evidence of a signed authorization.*
- *I cannot agree to be recorded.*
- *I need to consult my manager before making any decision.*
- *I cannot accept a shipment without written proof that we've ordered it.*
- *I'm not interested. Remove us from your contact list.*
- *I will not give any financial information unless I am sure of with whom I am dealing.*





## How To Build an Anti-fraud Plan

- Closely examine ads or offers and ask questions.
- Ask for information about the business address, product line and customer references.
- Hang up if you feel that this is not a legitimate company or offer.
- Check with a third party, if possible, to verify it is a legitimate company or offer.
- Don't judge reliability by look or feel.
- Ask for a copy of the offer in writing!





## How To Build an Anti-fraud Plan

- Make it your policy not to agree to purchases over the phone.
- Review all invoices and vendor lists each quarter.
- Be wary of requests to update your information.
- Assign a limited number of employees to make purchases.
- Before paying, make sure that you get what you ordered.





## How To Build an Anti-fraud Plan

- Talk to your staff and colleagues about fraud.
- Start a reward program for employees who prevent or uncover losses.
- Ensure your firewall, anti-virus and anti-spam software is up-to-date.
- Report fraud to the Competition Bureau.





**FRAUD:** RECOGNIZE IT. REPORT IT. STOP IT.

## Contact the Competition Bureau

Competition Bureau Canada  
50 Victoria Street  
Gatineau, Quebec  
K1A 0C9

Report fraud online at:

[www.competitionbureau.gc.ca](http://www.competitionbureau.gc.ca)

Call toll-free at: 1-800-348-5358



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