

March 2006

ACCC InfoLink

Online scams Small business



Australian
Competition &
Consumer
Commission

How do I find out more?

ACCC infocentre
1300 302 502

Email

infocentre@acc.gov.au
ACCC website
www.acc.gov.au.

The internet can enhance the reach and efficiency of your business. Website advertising is a cheap method of attracting customers and online transaction processing can open entire new markets for you. Email has revolutionised the way that many businesses communicate with clients and associates.

However, these benefits are also tinged with risk. The relative anonymity of the internet allows unscrupulous operators to target consumers and businesses worldwide.

Many online scams are just updated versions of traditional schemes. Some emerging scams are, however, specific to the internet.

The best way to avoid these scams is to recognise and avoid them.

Phishing

One of the most well known online exploits is 'phishing': mass emails inviting the unwary to log onto their bank account through a provided link to update their details.

The link leads to a page that looks like your online banking site. This is actually a mirror site, capturing your login details—leaving the original sender

free to access your bank account.

If you receive an email like this, **delete it**. Never use a link to log in to your online banking system, and **always** double check the website address before entering your banking details.

Advanced fee fraud

Another common scheme, the advanced fee fraud, has cost Australians millions of dollars in the last few years.

While there are many variations, the basic premise is the same. You receive an email from someone in a far-off country, asking you to transfer a great fortune out of the country. In return, you will receive a huge commission. The catch is that you have to pay an upfront 'processing' fee to allow the transfer to take place. But once you pay this fee, the contact disappears—with your money!

Remember: 'if it sounds too good to be true, it probably is!'. How did these people obtain your email address? Why would they trust a stranger with vast sums of money?

Delete these emails immediately.

Lottery scams

A variation of the advanced fee fraud is the lottery scam. You receive an email informing you of your multimillion dollar win in

an international lottery! All you have to do to receive your prize is pay a 'processing fee' to have your winnings transferred to you. Of course, after you pay this fee you never hear about the lottery again—and the promised millions never materialise.

As with the advanced fee fraud, **delete these emails**.

Pyramid schemes

Pyramid schemes are one of the oldest cons in existence. While the language used varies widely, they all have a similar basis: you pay money to join a scheme, and in return you can recruit more members and receive commission if they join. You also receive 'downline' commissions for anyone they introduce. The whole 'pyramid' collapses when no new members join, with those at the bottom losing the most.

If you're offered a business opportunity that you believe exhibits some of these characteristics, call the ACCC Infocentre on **1300 302 502** or contact your business advisor.

'Autosurf' programs

A new type of scheme seen recently is the 'autosurf program'. Claiming to be a method to advertise business websites, these scams are actually high-yield investment cons. To join, you buy 'units' in the scheme and download

software which automatically displays websites of other members. In return for your participation, you receive a high rate of return on your 'units', often over 10 per cent per day.

Like a pyramid scheme, once the rate of new members slows, the scheme collapses and disappears with your money. The actual website viewing only tries to dress it as a legitimate business.

If any investment promises returns far exceeding market rates, exercise caution and seek professional advice.

Further information

The ACCC has set up a dedicated hotline to combat both online and traditional scams. Staffed with operators specially trained to recognise and deal with scams, the hotline can be contacted between 8.30 am and 6 pm, Monday to Friday.

The Scamwatch website (www.scamwatch.gov.au) has a description of the most common scams targeting Australians, and how to avoid them.

Did you know?

The ACCC's new
Scam Hotline is
1300 795 995