

EXHIBIT B



Comptroller of the Currency
Administrator of National Banks

ENSURING A SAFE AND SOUND
NATIONAL BANKING SYSTEM
FOR ALL AMERICANS

Search

Advanced Search | Subject Index | Site Map | Directory | Contact the OCC

- Home
- What's New
- About the OCC
- Banker Education
- Careers at the OCC
- Community Affairs
- Corporate Applications
- CRA Information
- Consumer Complaints and Assistance [En Español]
- Mission Statement
- OCC Consumer Protection News
- Customer Assistance Brochure (PDF) [En Español (PDF)]
- Ombudsman Report (PDF)
- Information Quality (Section 515) (PDF)
- Anti-Fraud Resources
- Counterfeit Reporting Form (PDF)
- Electronic Banking
- FOIA
- Issuances
- Legal and Regulatory
- National Bank Appeals
- News Releases
- Publications
- Public Information
- Related Sites
- Speeches

Consumer Complaints and Assistance: National Bank Anti-Fraud Resource Center Consumer Information

Advanced Fee Scheme Overview

- [Receipt of Unsolicited Checks](#)
- [Understanding Regulation CC](#)
- [Fictitious Correspondence from US Government Agencies](#)
- [Lottery Scam](#)
- [Mystery Shopper Scam](#)
- [Money Transfer Agent](#)
- [Overpayment for Goods/Services](#)

Banking Concerns

- [Debt Elimination](#)
- [Fictitious Banking](#)
- [Phishing, Spoofing & Pharming](#)
- [Spam](#)

Advanced Up-Front Fee Scheme Overview

Advanced up-front fee fraud was previously referred to as either 419 fraud or Nigerian fraud, both named after Section 419 of the Nigerian Penal Code. This fraud first originated out of Nigeria but is now rampant in many other countries. Potential victims of this fraud may receive correspondence related to estate monies, contest/lottery winnings, sale of goods, found monies, or employment opportunities. While the topics differ, they all work under the same premise to scam consumers out of their money. The originator of the document may offer to transfer a large sum of money into the victim's personal bank account, which would necessitate the victim providing the con artist with personal information such as: address, telephone number, bank account number, as well as copies of a passport and/or driver's license. Other schemes may include a counterfeit check along with the correspondence. The recipient will be instructed to deposit the check into their bank account and immediately wire a portion of the money to a third party outside of the country. Many of these scams involve counterfeit official instruments such as cashier's checks, official checks or money orders.

The following steps should be taken if you have received a solicitation but have **NOT** lost funds:

1. Do NOT respond to the message! According to the United States Secret Service (USSS), those who respond in any manner to these messages will continue to be harassed for months.
2. Forward the correspondence to your local USSS field office http://www.ustreas.gov/ussf/field_offices.shtml.
3. Forward the scam e-mail to the 419 scammer's e-mail provider's abuse center to report the abuse. Ensure that you include the scammer's message with its headers. Alert the provider that the e-mail address is being used to solicit illegal activities and that it should be shut down. Most providers have specific abuse mailboxes set up to handle such problems. Some examples include: abuse@yahoo.com; uk-lmail-abuse@yahoo-inc.com; abuse@hotmail.com; etc.

If you have **already lost funds** in pursuit of the above described scheme, please follow these steps:

1. STOP corresponding with the scammers immediately!
2. United States citizens and residents should contact the nearest USSS Field Office http://www.secretservice.gov/field_offices.shtml by telephone to report their loss.

National BankNet

Username

Password



What is BankNet?

3. File a Financial Loss complaint form online with the Internet Crime Complaint Center <http://www.ic3.gov>, which is a partnership between the National White Collar Crime Center and the Federal Bureau of Investigation.

Receipt of Suspicious Checks / Verifying Authenticity

Anytime a scam involves a cashier's check, official check, or money order from a financial institution and you believe that it could be counterfeit, you should contact the issuing bank directly to report receipt of the check and to verify authenticity. Only the issuing bank can verify the authenticity of the item. When contacting the bank, do NOT use the telephone number provided on the instrument, as this number is generally not associated with the financial institution but rather with the scam artist.

To locate a bank's contact information, you can check the FDIC's website at:
http://www2.fdic.gov/idasp/main_bankfind.asp

Understanding Regulation CC

When depositing items other than cash, it is important for consumers to understand the difference between **available funds** and **collected funds**.

Under **Regulation CC**, when an official instrument is deposited into a consumer's bank account, the bank must make those funds **available** to the consumer on the next business day. It takes approximately ten days for a check to go through the clearing process:

1. The payee deposits the check.
2. The depository bank sends the check for collection.
3. The check is sent from the depository bank to the Federal Reserve Bank or clearinghouse and then to the paying bank (Drawee).
4. The check is presented to the paying bank for payment.
5. If the check is good, the paying bank sends payment (**collected funds**); however, if the check is bad, the paying bank returns the item as unpaid (**uncollected funds**).
6. If the item is returned as unpaid, the depository bank then debits the payee's account for the amount of uncollected funds.

Fictitious Correspondence from US Government Agencies

On several occasions, con artists have counterfeited the letterheads of US Government Agencies in an effort to financially scam consumers. The correspondence generally contains forged signatures of agency officials and fictitious telephone numbers. The letters are sent to potential victims via mail, fax, or e-mail.

These scams usually claim that the purported agency is holding payments owed by foreign governments or foreign organizations but that the recipient must first pay a large fee to have the funds released. Should consumers receive such correspondence, they should not respond, because the contact information contained within is generally associated with the con artist.

The OCC has issued the following Alerts, which address this particular situation:

Fraudulent E-mails Purportedly from U.S. House of Representatives, Committee on Financial Services -
<http://www.occ.treas.gov/ftp/alert/2007-12.html>

Fraudulent Correspondence Attributed to Officials of the Office of the Comptroller of the Currency -
<http://www.occ.treas.gov/ftp/alert/2006-68.html>

Fraudulent E-mails Attributed to Officials of the Office of the Comptroller of the Currency -
<http://www.occ.treas.gov/ftp/alert/2005-12.doc>

Lottery Scams

A letter arrives in your mailbox stating that you have won a great deal of money in an international lottery program, one that you never entered or heard of. Along with the notification letter is an official instrument drawn on a legitimate bank. The letter will indicate that the check is to be used to pay taxes and transfer fees before the remainder of funds may be disbursed. You are instructed to call a telephone number to obtain additional information on how to proceed. During this call, the con will tell you to deposit the check into your bank account and then immediately wire out the proceeds using Western Union or Money Gram. The problem is that the check is counterfeit, a fact that won't be revealed for approximately ten days (please refer to sections: Receipt of Unsolicited Checks and Regulation CC).

In the meantime, the money associated with the counterfeit item will be available to you on the next business day. As such, you follow the con's instructions and wire the funds out. When the check is returned as **uncollected** because it is counterfeit, you have already sent the money out and will now be in a loss situation.

In addition to contacting the appropriate financial institutions as outlined in the *Receipt of Suspicious Checks / Verifying Authenticity* section, there are others who you should notify as well if you are in receipt of a counterfeit item and associated lottery material. They include:

- US Postal Inspection Service - by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>
- Federal Trade Commission (FTC): by telephone at 1-877-FTC-HELP or by filing an electronic complaint via their internet site at www.ftc.gov
- Royal Canadian Mounted Police (Canadian Scams): by telephone at 1-888-495-8501 or via e-mail at [info@phonebusters.com]. Their website, www.phonebusters.com, provides additional contact numbers.
- Spanish Embassy in the US - Spanish Lottery Scam: www.spainemb.org/ingles/indexing.htm

Most importantly, do NOT make contact with the con artist; they can be extremely dangerous. If at anytime, you feel physically threatened, you should contact your local police department immediately.

Mystery Shopping Scam

Lucky you! You have been selected to be a mystery shopper for XYZ Company! They have even sent you a cashier's check to be used to make purchases at the chosen store locations. This sounds great! You get to shop, grade each store location, keep the merchandise you purchase, plus get paid a fee for your services. It must be real; they have even included a Code of Ethics disclosure! How can this be a scam? First of all, the check is counterfeit. You will be asked to deposit the counterfeit item into your bank account and then immediately begin your mystery shopping assignment. The majority of the funds provided to you in the counterfeit check will be wired out using a nationally-known wire service (Western Union or Money Gram), with the ploy that this is one of the merchants you are to grade.

As with the lottery scam, once the check is deemed to be counterfeit (about ten days after you deposit the item), the check is returned as **uncollected**, and your bank debits your account for the full amount of the check. Since you have already spent or wired the funds out, you are now in a loss situation and left to deal with a mess.

In addition to contacting the appropriate financial institutions as outlined in the *Receipt of Suspicious Checks / Verifying Authenticity* section, there are others who you should notify as well if you are in receipt of a counterfeit item and associated mystery shopping material. They include:

- US Postal Inspection Service - by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>
- Federal Trade Commission (FTC): by telephone at 1-877-FTC-HELP or by filing an electronic complaint via their internet site at www.ftc.gov
- Royal Canadian Mounted Police (Canadian Scams): by telephone at 1-888-495-8501 or via e-mail at [info@phonebusters.com]. Their website, www.phonebusters.com, provides additional contact

numbers.

Most importantly, do NOT make contact with the con artist; they can be extremely dangerous. If at anytime, you feel physically threatened, you should contact your local police department immediately.

Money Transfer Agent

You are contacted via e-mail or telephone in response to a resume you have posted on-line. The person solicits you for a job as an international money transfer agent. They will send you official bank instruments to deposit into your personal bank account. You will then be required to immediately wire the proceeds out to a variety of international locations, keeping an agreed-upon amount for your services. It sounds easy enough, so you agree. As such, you follow the con's instructions and deposit the checks and then wire the funds out. When the checks are returned as uncollected because they are all deemed counterfeit, you are left with a gaping hole in your bank account.

In addition to contacting the appropriate financial institutions as outlined in the *Receipt of Suspicious Checks / Verifying Authenticity* section, there are others who you should notify as well if you are in receipt of a counterfeit item and associated e-mails or correspondence regarding this "job opportunity." They include:

- Federal Bureau of Investigation (FBI) Internet Fraud Complaint Center (Scams that may have originated via the internet): www.ic3.gov
- US Postal Inspection Service - by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>
- Federal Trade Commission (FTC): by telephone at 1-877-FTC-HELP or by filing an electronic complaint via their internet site at www.ftc.gov
- Royal Canadian Mounted Police (Canadian Scams): by telephone at 1-888-495-8501 or via e-mail at info@phonebusters.com. Their website, www.phonebusters.com, provides additional contact numbers.
- Originator's Mailbox Provider: If the correspondence was received in the form of an e-mail, notify the originator's mailbox provider that the originator's email address is being used to solicit illegal activities. For example, Yahoo and Hotmail have the following email addresses set up: abuse@yahoo.com; abuse@hotmail.com.
- On-line Job Search Database Service: Notify the on-line service you utilize to post your resume of this scam.

Most importantly, do NOT make contact with the con artist; they can be extremely dangerous. If at anytime, you feel physically threatened, you should contact your local police department immediately.

Overpayment for Goods or Services

You have advertised a car in an on-line market and are contacted by someone who is interested in making the purchase. They agree to pay the advertised amount, but, oops, they made the check out for \$3,000 more than the asking price. Because you seem to be such an honest individual, they trust you with these extra funds and ask you to simply deposit the check into your bank account and wire the excess to their shipper, who is arranging for pickup of the vehicle. As it turns out, they are not so trusting. The check is counterfeit. As with the other 419 scams, once the check is returned as uncollected, the money is already gone, and you are left with a loss.

In addition to contacting the appropriate financial institutions as outlined in the *Receipt of Suspicious Checks / Verifying Authenticity* section, there are others who you should notify as well if you are in receipt of a counterfeit item and associated e-mails and correspondence regarding the overpayment. They include:

- US Postal Inspection Service - by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>
- Federal Trade Commission (FTC): by telephone at 1-877-FTC-HELP or by filing an electronic complaint via their internet site at www.ftc.gov

- Federal Bureau of Investigation (FBI) Internet Fraud Complaint Center (Scams that may have originated via the internet): www.ic3.gov
- Royal Canadian Mounted Police (Canadian Scams): by telephone at 1-888-495-8501 or via e-mail at [info@phonebusters.com]. Their website, www.phonebusters.com, provides additional contact numbers.
- Originator's mailbox provider: If the correspondence was received in the form of an e-mail, notify the originator's mailbox provider that the originator's email address is being used to solicit illegal activities. For example, Yahoo and Hotmail have the following email addresses set up: abuse@yahoo.com; abuse@hotmail.com.

Most importantly, do NOT make contact with the con artist; they can be extremely dangerous. If at anytime, you feel physically threatened, you should contact your local police department immediately.

Banking Concerns

Should you have a specific problem with a bank, you will want to contact the regulator(s) responsible for ensuring the safety and soundness of that institution. Following are the different types of institutions and links to their regulators' customer assistance groups.

- National Banks ([OCC & FDIC](#))
- Credit Unions ([NCUA](#))
- State Banks ([State Banking Department](#), [FDIC](#), or [Federal Reserve](#))
- Thrifts and Trust Companies ([OTS](#))

Debt Elimination

The Office of the Comptroller of the Currency ("OCC") continues to see an increasing volume and variety of fictitious debt elimination schemes being perpetrated against financial institutions. These fictitious schemes are not to be confused with debt consolidation or debt workout programs presented by legitimate entities.

The object of legitimate programs is to assist the borrower to repay the debt in a responsible manner. The fictitious schemes claim to be able to "eliminate" or to "cancel" various types of debt from banks and non-banks without a material further amount of payment by the obligor. The fictitious schemes take various forms, including those that:

- claim to pay out the debt in some way, but don't;
- transfer the debt to some wealthy benevolent entity, that does not exist or has no financial capacity; or,
- falsely claim to be able to have the debt declared invalid for the reason that the financial company is not permitted to lend money or the documentation **used by the lender is not valid**.

The fictitious, fraudulent schemes are being marketed to everybody, not just the wealthy or sophisticated, including borrowers who are current and those approaching foreclosure. The underlying fraudulent claim in all these fictitious schemes is:

- US Postal Inspection Service - by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>

These schemes are promoted: via the Internet; in seminars throughout the United States; and, directly by persons known to the victim by way of group affiliation, particularly religious and fraternal groups. These fraudulent schemes claim to "eliminate" or to "cancel" various types of debt, including mortgages, credit card balances, student loans, auto loans, and small business loans. All of them are simply designed to take an individual's money, and are just the modern version of the old "up-front-fee" scheme. The schemes charge an up-front fee, or membership fee, that currently ranges from \$400 to \$7,500.

As a result of using a fraudulent scheme, individuals will lose money, could lose property, will damage their credit rating, and possibly incur additional debt. In addition, a creditor may take legal action against

an individual to resolve a fraudulent attempt to eliminate debt. It is also possible for the victim to have identity theft occur by participating in a fraudulent scheme. The perpetrators of these schemes are known to steal identities and create substantial new debts in the victim's name before they are even aware that it has occurred. It is extremely difficult and time-consuming to resolve the issues pertaining to identity theft.

These fraudulent debt elimination and cancellation schemes have no substance in law or finance. In statements and sometimes in the guise of education, the perpetrators of the schemes provide inaccurate or distorted information about applicable laws and real financial operations. The following are examples of inaccurate information the OCC has seen from these schemes:

- Secret information or laws, known only to a select few, can be used to eliminate debt;
- Banks and other creditors do not have the authority to lend money, to advance credit, or to charge interest;
- An individual's debt is a asset of the creditor that the creditor owes to the individual;
- A debt owed to a bank is the same as a deposit in a bank;
- Creditors will not pursue debt collection after an individual participates in one of these schemes;
- The United States Department of Treasury or some other Federal agency establishes a trust account when an individual is born;
- Arbitration need not meet the terms of the credit agreement;
- Individuals can create their own arbitration companies that can create and certify arbitration awards that eliminate, cancel or reduce debt;
- An individual does not have to pay the debt because the contract or note is illegal and may even deserve a compensatory award; and,
- Results are guaranteed.

There are unlimited variations to these schemes. The basic idea of these schemes, however, is to fool individuals into paying money to have a debt eliminated or cancelled, or to obtain false documents and the instructions on how to submit the false documents to creditors. The following are some variations of the false documents used:

- A fake arbitration award from an arbitrator not authorized under the debt agreement;
- A worthless debt instrument issued by some company, group, trust, benevolent society, or wealthy individual, quite often of foreign origin, as a substitute for the creditor's note;
- A record of a fictitious account or "trust account" supposedly held in an individual's name at the United States Department of the Treasury or other Federal agency;
- A fictitious U. S. Government debt instrument issued as a substitute for the creditor's note, payable through an agency or by an authorized agency person;
- A notice, usually voluminous, to the creditor stating that the contract or note is illegal or the creditor does not have authority to "advance credit" and has violated the law; or,
- The issuance of a false payoff certificate from the original lender, combined with the borrower's authorization for the perpetrator to obtain a new mortgage, using the proceeds to pay the perpetrator's fee. This "new debt" is stated to be a new first lien, but it is really just a second mortgage, thereby increasing the victim's debt and monthly payment requirements.

Any information that you have concerning fraudulent debt elimination or debt cancellation schemes should be brought to the attention of appropriate local or Federal law enforcement personnel.

If the fraudulent scheme is presented via the Internet or e-mail, contact the Internet Crime Complaint Center (IC3). Please go to the IC3 Web site at <http://www.ic3.gov> and follow the instructions for filing a complaint (IC3 was f/n/a the Internet Fraud Complaint Center- IFCC). Contacts from other sources, such as individual contacts or seminars, should be reported to the local office of the FBI and your local financial fraud law enforcement organization.

If any portion of the offering or subsequent portions of the transaction are processed through the United States Postal System (USPS), the Criminal Investigation Division of the USPS should be contacted. Contact information can be obtained from your local U.S. Post Office.

Any group, individual or company that states that they can eliminate, remove or cancel your debt by having you pay them a relatively small fee, and without you providing sufficient funds to pay off the debt, is perpetrating a fraud. This is commonly known as an "up-front-fee scam."

This is not a legitimate process for paying off your mortgage, installment loan, or credit card.

This Office does not maintain a list of companies engaging in such fraudulent activities. Many of these groups portray themselves as clubs or investment advisors. These schemes are not new, just the latest version of the up-front-fee scam, perpetrated with the speed and broad coverage of the internet.

If you have lost money as a result of this scheme, you should file a complaint with the local FBI office, or if you are in the same state as the originators, your state law enforcement.

You should also file a complaint with both the IC3, and the State consumer complaint organization or department of financial institutions for the state where the originators are located.

If any portion of the offering or subsequent portions of the transaction are processed through the United States Postal System (USPS), the Criminal Investigation Division of the USPS should be contacted. Specific contact information can be obtained from your local U.S. Post Office.

Fictitious/Unauthorized Banking

Banks operating without a license or charter in the US or any other country are operating in an unauthorized manner. When we are notified of a fictitious bank, we may issue an Alert. The individual Alerts can be found on our internet site. Click here to view the consolidated listing. If you have information pertaining to such an institution, please notify us via email at: OCCAlertResponses@occ.treas.gov, via mail at: Office of the Comptroller of the Currency, Enforcement & Compliance Division, MS 8-10, 250 E Street, SW, Washington, DC 20219 or via fax at: (202) 874-5214.

Phishing, Spoofing & Pharming

An industry organization, the Anti-Phishing Working Group (<http://www.antiphishing.org>), reports that identity theft frauds known as "phishing" attacks have increased significantly over the last year. Phishing, spoofing and pharming are terms used for criminals' attempts to steal personal financial information through fraudulent e-mails and Websites designed to appear as though they were generated from legitimate businesses, financial institutions, and government agencies. These scams are contributing to a rise in identity theft, and credit card and other Internet-based frauds. E-commerce customers, including bank customers, have fallen victim to these scams.

If you receive an e-mail or pop-up message requesting verification of personal and/or financial information, chances are that someone is trying to lure you into a phishing scheme. These con artists use letterheads, e-mail and website addresses of what would appear to be legitimate companies. However, while convincing, they do not represent the entities at all. They are simply attempting to gather your personal and financial information to be used to steal your identity and ruin your name and credit. Legitimate companies will not use e-mail to obtain confidential information.

Should you receive such an e-mail, follow these steps:

1. Do NOT click on the link provided in the message nor respond in any way.
2. NEVER provide any personal information using the contact information provided in the e-mail or in the bogus website link! Instead, locate a genuine telephone number for the company and make contact with them.
3. Forward the e-mail to the Federal Trade Commission (FTC) at spam@uce.gov by attaching the message to a new e-mail. This will ensure that all original headers are included. When sending the e-mail to the FTC, copy your local internet service provider's abuse center as well as the legitimate company (if you can obtain that information). For example, eBay has an e-mail reporting box set up at spoof@ebay.com

Please refer to OCC Bulletin 2005-24 (PDF), OCC Bulletin 2004-42 (PDF), and the OCC's Anti-Phishing Brochure for further information.

Spam

What is spam? Spam is unsolicited commercial email (UCE), which is sent out in mass mailings, thus flooding the internet and user mailboxes with unwanted e-mail. Most spam mail is sent to individuals by con artists advertising a questionable product or service or touting some fabulous get-rich-quick scheme. There are generally three steps to take when you receive spam:

1. Forward the e-mail to the Federal Trade Commission (FTC) at spam@uce.gov by attaching the message to a new e-mail. This will ensure that all original headers are included.
2. Never respond to spam mail, which includes clicking on "unsubscribe" or "remove" option buttons. By responding in any way will notify the scammers that they have reached an active e-mail address, and they will continue to send unwanted mail.
3. Delete the message.

Many times, individuals who respond to spam are later victimized in a scam or through identify theft.



The Office of the Comptroller of the Currency was created by Congress to charter national banks, to oversee a nationwide system of banking institutions, and to assure that national banks are safe and sound, competitive and profitable, and capable of serving in the best possible manner the banking needs of their customers.

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[Home](#) > [Consumer Protection](#) > [Consumer Resources](#) > [FDIC Consumer News](#)

FDIC Consumer News

Winter 2003/2004

Beware of Bogus Debt Elimination Scams

If an Internet site or other advertisement offers to sell you a document you can use to "legally" eliminate an outstanding credit card balance or other debt, don't believe it.

U.S. government and banking industry reports indicate a variety of schemes on the Internet and elsewhere promoting programs that, for a significant fee (sometimes thousands of dollars), fraudulently claim to enable borrowers to stop payments on a debt simply by giving the lender a specially-prepared document. Many of these offers also cite false claims about the Federal Reserve System, U.S. currency or other federal or state government programs as the legal justification for their debt elimination program.

The bottom line: These documents are bogus and a waste of money. If you come across this scam on the Internet or elsewhere, consider reporting the details to the FBI by calling the regional office listed in your phone book or contacting the Internet Crime Complaint Center at www.iccfbi.gov. If you want more information about legitimate ways to get out of debt safely and avoid debt-related scams, see "Weathering a Financial Storm" in the Winter 2001/2002 issue of *FDIC Consumer News*, online at www.fdic.gov/consumers/consumer/news/cnwin0102/cvrstry.html.

[Previous Story](#)

[Table of Contents](#)

[Next Story](#)

Last Updated 03/08/2004

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[Home](#) [Contact Us](#) [Search](#) [Help](#) [SiteMap](#) [Forms](#)
[Freedom of Information Act \(FOIA\) Service Center](#) [Website Policies](#) [USA.gov](#)

**ALERT 2007-55**
OCC ALERT

Comptroller of the Currency
Administrator of National Banks

Subject: Debt Elimination Fraud **Description: Fraudulent Schemes to Eliminate Mortgage, Credit Card, or Small Business Debt**

Date: September 5, 2007

TO: Chief Executive Officers of All National Banks; All State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Director, Office of Thrift Supervision; Conference of State Bank Supervisors; Deputy Comptrollers (districts); Assistant Deputy Comptrollers; District Counsel; and All Examining Personnel

RE:

Fraudulent Debt Elimination Schemes

The Office of the Comptroller of the Currency (OCC) is aware that the volume and variety of fraudulent schemes supposedly designed to "eliminate" debt is increasing. These schemes are being promoted via the Internet and in seminars throughout the United States. The fraudulent schemes are being marketed to ordinary people, not just the wealthy or sophisticated, including borrowers who are current on their payments and those approaching foreclosure.

The persons perpetrating the fraudulent schemes claim that they can eliminate borrowers' various types of debt, including mortgages, credit card balances (including balances on cards issued by nonbank companies), student loans, auto loans, and small business loans. The variations on these schemes are endless.

A recent variation includes the fraudulent use of the OCC's 3-page Customer Complaint Form (form). The form is included in the package of documents provided to the victim, falsely adding another pretense of legitimacy to the worthless program. The victim is told to sign only the third page of the form, not to date it or complete any other information requested on the form. The date, customer, and financial institution information will be completed by the perpetrators. The form is subsequently completed and filed with the OCC falsely stating that the financial institution has acted improperly with regard to the victim's account.

These schemes are designed to defraud victims of an up-front fee, which typically ranges from \$400 to \$7,500. As a result of using a fraudulent scheme, victims could lose money and property, and damage their credit record. In addition, the creditor may take additional legal action against a borrower to resolve a fraudulent attempt to eliminate a borrower's debt.

A second, extremely harmful, potential result of participating in any of these illegal schemes is the theft of a victim's identity. Based upon the information provided to the perpetrators in a scheme, they may be able to steal a person's identity and run up substantial new debts before the victim is aware of the theft. Resolving identity theft issues is an extremely difficult and time-consuming matter.

The following are sample variations of the fraudulent processes used to fool borrowers into paying money to "eliminate" debt:

- A phony arbitration award from an arbitrator not authorized under the debt agreement;
- The use of a nonexistent "trust account" supposedly held in a person's name at the United States Department of the Treasury or some other part of the federal government;
- The substitution of a debt instrument issued by a company, group, trust, or person for the obligor's original note or account at the creditor;
- The substitution of a fictitious U. S. government debt instrument, which claims to be payable or authorized by the United States Department of the Treasury or a related person or entity, for the obligor's original note or account at the creditor;
- The substitution of a fictitious U. S. government financial instrument, which references an account located at the United States Department of the Treasury or with a related person or entity, for the obligor's original note or account at the creditor;
- The substitution of a fictitious U. S. government debt instrument, which requires an official to authorize or refute the authenticity of the instrument, for the obligor's original note or account at the creditor;
- A notice to the creditor that the contract or note is illegal and, therefore, the borrower does not have to pay the debt and may even be entitled to a compensatory award; and
- A notice to the creditor that the creditor does not have authority to "lend its credit" to the obligor and has violated the law, and therefore, the borrower does not have to pay the debt and may even be entitled to a compensatory award.

These schemes have no substance in law or finance. No one can eliminate an obligation to pay a debt, simply by paying someone a small fee, relative to the debt to be eliminated.

In the guise of educating borrowers, these schemes provide inaccurate or distorted information about applicable laws and finance. Some examples of inaccurate information from these schemes include the following:

- Borrowing is a con game whereby a borrower's debt is money "created" by and owed to the borrower.
- A borrower's debt is an asset of the creditor owed to the borrower.
- Secret information or laws can be used to eliminate debt.

- Banks and other creditors do not have the authority to lend money or issue credit.
- Three or more persons can set up individual arbitration companies, create an arbitration award for a fraction of the debt owed, have the award certified by the two other companies, and submit the award and payment to the creditor in satisfaction of the total debt.

Any information that you have concerning these matters should be brought to the attention of appropriate local or federal law enforcement.

If the fraudulent scheme is presented via the Internet or e-mail, contact the Internet Crime Complaint Center (IC3). Please go to the IC3 Web site at: <http://www.ic3.gov> and follow the instructions for filing a complaint. Other sources, such as individual contacts or seminars, should be reported to the local office of the Federal Bureau of Investigation or local financial fraud law enforcement organization. If the proposal was received via the U.S. Postal Service, please file a complaint with the U.S. Postal Inspector Service by telephone at 1-888-877-7644, by mail at U.S. Postal Inspection Service, 222 S. Riverside Plaza, Suite 1250, Chicago, IL 60606-6100 or via e-mail at <http://www.usps.com/postalinspectors/fraud/MailFraudComplaint.htm>.

Additional information concerning this matter that you believe should be brought to the attention of the OCC may be forwarded to:

E-mail: occalertresponses@occ.treas.gov
Office of the Comptroller of the Currency
Mail: Special Supervision Division, MS 6-4
250 E Street, SW, Washington, DC 20219
Fax: (202) 874-5214

For additional information regarding other types of financial fraud, please visit the OCC's anti-fraud resource at: <http://www.occ.treas.gov/fraudresources.htm>.

/signed/

Richard C. Stearns
Director for Enforcement & Compliance