



Warning Notice

Issue No. 35 – September 2002

CONSUMERS AND FINANCIAL INSTITUTIONS WARNED OF IDENTITY THEFT IN ADVANCE FEE SCAMS

Over the past few months, the Office of the Superintendent of Financial Institutions (OSFI) Canada has issued several Warning Notices involving the use of names of legitimate Canadian financial institutions in various “advance fee” scams. Most recently, OSFI has become aware of a scam using the names of government organizations, including those of the Department of Finance, Canada Deposit Insurance Corporation and OSFI. By posing as legitimate financial institutions or government entities, scammers make it more difficult for their victims to know with whom they are dealing.

“Advance fee” scams can take many forms. Currently, the majority appears to involve classified advertisements published in newspapers, mostly in the United States. Ads often promise a guaranteed loan, even if someone has a bad credit history or no credit rating at all. They usually request an up-front fee of several hundred dollars. If money is sent, it is unlikely the promised loan will ever materialize, and the advance fee payment is unlikely to be returned.

Advance fee loans operating for a criminal purpose generate millions of dollars annually in Canada. Persons with poor credit ratings are usually the key targets and once the ‘loan processors’ receive the advance, they usually disappear.

Consumers should be aware that classified advertising for loan opportunities does not guarantee the legitimacy of the company. In addition, the public should be careful to verify the name of the institution offering a loan. For example, OSFI publishes a list of all federally regulated financial institutions on its Web site at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=568. However, because scammers are using the names of legitimate Canadian financial institutions in their advertising, consumers are advised to contact the head office of a particular financial institution to verify the legitimacy of any loan offer. The number should be obtained by calling the local telephone company’s information service.

OSFI asks financial institutions to alert their employees who deal with the public, particularly at call centres, of this problem and to be aware that corporate and government identity theft appears to be a growing issue.

Phonebusters is the national deceptive telemarketing call centre in Canada, operated by the Royal Canadian Mounted Police and the Ontario Provincial Police. Any information on these scams should be reported to:

Phonebusters National Call Centre (PNCC)

Box 686

North Bay ON

P1B 8J8

Web site: www.phonebusters.com

Telephone: 1 (888) 495-8501 (toll-free in Canada and the USA)

Fax: 1 (888) 654-9426 (toll-free in Canada and the USA)

Telephone: +1 (705) 495-8501 (overseas and local)

Fax: +1 (705) 494-4008 (overseas and local)

Regular e-mail: info@phonebusters.com

Address for “Nigerian” scam letters: waf1@phonebusters.com

Warning Notices contain the names of entities recently brought to OSFI's attention through some form of notice, inquiry or complaint. If these entities, or persons purporting to represent them, are operating in Canada, they may be violating provisions of the *Bank Act*, other federal financial institution legislation, other federal legislation, or provincial legislation.

A cumulative list of entities on previous Warning Circulars, Notices or Advisories is available on OSFI's Web site at http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=166

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