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INTERNATIONAL GOVERNMENTS JOIN FORCES TO PROTECT
CONSUMERS FROM CROSS BORDER FRAUD

Fake lottery schemes, prize draws and credit cons that operate across national borders will be easier to fight thanks to new international guidelines published today.

Consumer Affairs Minister Gerry Sutcliffe welcomed the guidelines published by the Organisation for Economic Co-operation and Development (OECD) as part of their new drive to combat international scams and internet fraud.

Gerry Sutcliffe said:

“Scams can be very convincing and too many people are falling for their empty promises. Tens of thousands of UK consumers have been the victims of fake lottery scams from as far away as Canada and Australia. International scam operators strike quickly, victimise thousands of consumers in a short period of time and then disappear along with the proceeds of their cons.”

The guidelines, which were negotiated and agreed by the OECD’s Committee on Consumer Policy, set out broad principles for international co-operation. Specific provisions include:

- establishing an early warning system to notify other countries of scams that may affect them:
- a national contact point to ensure clear channels of communication and co-operation; and
- a further look at the benefit of enabling enforcement authorities to gain monetary redress on behalf of consumers.

The Guidelines also seek to ensure that every country has the necessary authority and powers to take action in cross-border cases, and sets the stage for future work on the issue of consumer redress.

Gerry Sutcliffe continued:

“Development of the internet and telecommunications technologies have brought benefits to consumers but have also provided new opportunities for these fraudsters.

“In the UK the Government is taking action against them. Stop Now Orders enable us to take court action to stop these rogue traders in their tracks.

“But many scams operate from outside the UK, and this new drive by international governments to work together to combat these cons is a welcome move.”

John Vickers, OFT Chairman, said:

“Cross-border fraud against consumers, such as deceptive telemarketing, is a growing problem, costing UK consumers many millions of pounds a year. The OFT will play a full role in working with overseas partners to put a stop to these unacceptable practices.”

Notes to Editors

1. Examples of scams are attached at Annex A.
2. The new OECD Guidelines for Protecting Consumers from fraudulent and Deceptive Commercial Practices Across Borders can be seen at www.oecd.org/sti/crossborderfraud
3. The Organisation for Economic Co-operation and Development (OECD), formed in 1961, is an inter-governmental forum for the discussion and development of economic and other public policy issues. It is made up of 30 member countries including the UK. Based in Paris, it provides a forum where member and non-member governments can compare policy experiences, seek answers to common problems and work to co-ordinate domestic and international policies. This can, on occasion, lead to formal agreements and treaties. For more information, visit the OECD's website at www.oecd.org

4. The OECD's Committee on Consumer Policy (CCP) is a long established OECD Committee and the only global forum that looks at global consumer policy. It has been particularly influential in developing global policies for the development of e-commerce. In 2001 it published its *Guidelines for Consumer Protection in the Context of Electronic Commerce*, which set out the core characteristics for effective consumer protection for online business-to-consumer (B2C) transactions. For more information about the CCP, visit [link: www.oecd.org/EN/home/0,,EN-home-44-nodirectorate-no-no-no-13,00.html]

4. A UK campaign to stop consumers being ripped off by postal scams, such as bogus prize draws and competitions was launched by the DTI on 24th July 2002. A leaflet tells consumers what to watch out for, gives examples of typical scams, and advice on what to do if you think you've been sent a scam. You can order free copies of the leaflet from DTI Publications at 0870 1502 500 or at www.dti.gov.uk/publications.

5. If you think you've been sent a scam and would like to help the Office of Fair Trading investigate, send your suspect mailing to the European Enforcement Team, Office of Fair Trading, Fleetbank House, 2-6 Salisbury Square, London, EC4 8JX. Email euroteam@oft.gsi.gov.uk You can also notify your local Trading Standards Department. You can find their number in the phone book under 'local authority'.

6. The OFT will pursue complaints about prize draws and similar promotions which originate outside of the UK. Stop Now Order Regulations allow the OFT to bring injunctive action against a trader breaching any one of ten Directives (including Misleading Advertising). For further information contact the OFT press office on 020 7211 8899 or visit www.oft.gov.uk

7. The International Consumer Protection and Enforcement Network (ICPEN), formerly known as the International Marketing Supervision Network (IMSN), is a membership organisation consisting of the trade practices law enforcement authorities of more than two dozen countries, most of which are members of the Organization for Economic Cooperation and Development (OECD). The mandate of the Network is to share information about cross-border commercial activities that may affect consumer interests, and to encourage international cooperation among law enforcement agencies. For more information, visit [link - www.imsnricc.org].

10. Econsumer.gov is a joint initiative by thirteen countries to gather and share cross-border e-commerce complaints. The project has two components: a multilingual public Web site, and a government, password-protected Web site. The public site provides general information about consumer protection in all countries that belong to the **ICPEN**, contact information for consumer protection authorities in those countries, and an online complaint form. All information is available in English, French, German, and Spanish. Using the existing **Consumer Sentinel** network (a database of consumer complaint data and other investigative information operated by the U.S. Federal Trade Commission), the incoming complaints will be shared through the government Web site with participating consumer protection law enforcers.) For more information visit www.econsumer.gov.

Annex A: Examples of cross-border scams

These are a few examples of the types of scam and misleading practice that is being conducted across borders. In these cases there has been a degree of success in finding the culprits and stopping the scam but even where enforcement agencies have worked together to get results, there is much still to be done to make cross-border co-operation quicker and easier.

Fake Canadian lottery

Between December 2000 and January 2003, UK consumers were contacted by people claiming to be Canadian customs agents. They were advised to send money for customs fees and taxes via a wire transfer from their UK bank account to a bank in Toronto. The fraudsters collected over CAN\$30,000 from just five UK consumers, although there were believed to be many more. In this case, the Toronto police, in conjunction with other enforcement authorities, were able to find and arrest these wrongdoers.

Canadian fraudulent telemarketing

The criminal organisation at the centre of this scam made thousands of telephone calls to victims in the US and the UK. They claimed to represent the Nevada Gaming Commission and used a lottery scam to defraud victims of as much as CAN\$5 million in some cases. Again, the Canadian police, in co-operation with other enforcement authorities were able to dismantle the scam and bring the case to court.

Misleading domain name ads

Quantum Management Ltd and TLD Network Ltd based in London were advertising and selling domain names with suffixes such as .brit, .usa, .scot and .sex to UK and US consumers. They were advertised in a way that gave consumers the impression that they were 'top-level' domain names and therefore accessible from any internet server, like .com or .co.uk. In fact, these domain names can only be accessed through alternative networks and will not be found by a normal search function without a modified web browser.

The OFT collaborated with the US Federal Trade Commission on the case and secured assurances from the companies that they will change the way this product is advertised.

First aid kit scam

OFT, working closely with the Dutch Consumers Association, used its enforcement powers to take action against a Dutch Company, Royal Consulting, which had been sending out unsolicited first aid kits to UK residents accompanied by demands for payment. This practice breached EU Distance Selling Regulations, which say that if you are sent an unsolicited good you can keep it, and demands for payment are unlawful. OFT were able to gain assurances from the company that they will cease to make the payment demand.

Other scams

Other types of scam that have come to the attention of enforcement authorities include - alleged 'psychics' and clairvoyants; misleading health and diet claims; misleading prize draws (including some that claim to be UK based but have a PO Box hiding an overseas connection); and timeshare and holiday club scams, which are notorious for using high pressure selling techniques and evading consumer protection laws.