



Prepaid Debit Card Scams

From the Office of Minnesota Attorney General Lori Swanson

For years, scammers have duped people into wiring money using wire services. Today, scammers are increasingly asking people to pay money with reloadable, prepaid debit cards.

It works like this: “Betty” decided to buy an exercise machine from an unknown website on the Internet. The equipment looked good and was listed at a fair price. The seller told Betty to go to a local “big box” retail store and buy a prepaid debit card, load it with \$700, and give the seller the serial number. Betty did so. After paying the \$700, she never heard from the seller again.

Reloadable Prepaid Debit Cards

The prepaid debit card is a reloadable debit card sold at major retail stores. It has a serial number that is used to transfer funds to the card. It functions like a traditional checking account debit card, without the need for a paper check. The consumer can designate how much money to load onto the card at any given time. Money on the card can be transferred to another debit card or to make same-day payments to other companies. If the serial number falls into the hands of a scammer, the scammer can drain the money from the card.

Common Scams Asking for Debit Card Payments

Scammers like to have money transferred to them in ways that allow the scammer to be long gone before the scam is detected. For the same reason that scammers often ask money to be wired to them in another country (e.g. they’ll be long gone with the wire transfer before the consumer spots the scam), scammers may ask that money be given to them using a prepaid debit card. The following are examples of some such scams:

Fake lotteries.

An elderly gentleman receives a call telling him he has won a lottery. He is told to go to a major retail store to buy a prepaid debit card and load it with \$199 to pay the taxes on his winnings. He follows the directions and gives the caller the serial number. The scammer takes the money on the card and disappears.

Nigerian scams.

A woman gets an email claiming to be from a foreign official who needs to transfer money into the country. The emailer tells the woman that she’ll receive a fee if she advances the sender some money. She is told to put \$4,990 on a prepaid debit card and email the serial number. Fortunately, the woman gets suspicious and terminates the contacts.

Phishing scams.

The scammer poses as your utility company. The scammer tells you that to avoid having your power shut off, you should buy a prepaid debit card and pay the utility your past balance. It turns out, you don’t owe anything to your utility, and this is a scam.

Online purchases.

A young woman is looking for an apartment. She finds an attractive, affordable apartment online. The rental official tells her to buy a prepaid debit card, load it with \$350, and provide him with the serial number in order to pay her application fee. He tells her to meet him at the apartment at a certain time. The rental agent never shows up and no longer answers his phone.

Other advance fee scams.

A trucker is told to pay \$159.99 using a prepaid debit card for a background check on a job. He does. As it turns out, there is no job. The scammers have “spoofed” the phone number of a legitimate trucking company and are long gone with the applicant’s money.

Protect Yourself from Fraud

The following are some tips to protect against this type of fraud:

- Never give a prepaid debit card serial number to anyone you don't know. Giving them your serial number is as good as giving them cash. If someone asks for your serial number or information from your purchase receipt, it's a good indication that a scam is involved.
- Don't give your serial number or purchase information to pay for purchases over the Internet or to collect on a supposed sweepstakes or prize.
- Know the common warning signs of scams, including to beware of offers that ask you to pay an advance fee (e.g., for a job opportunity, a loan, to collect money, etc.) to an unknown party.

If You're a Victim

These scams are crimes. If you have paid money to a scammer, file complaints with the following agencies:

Federal Bureau of Investigation

Minneapolis Office
1501 Freeway Boulevard
Brooklyn Center, MN 55430
763-569-8000

Your local police department or sheriff.

