



Consumer Awareness

Print Course

Print Handouts

COURSE DESCRIPTION

Consumer Awareness is a 60- to 75-minute course focusing on deterring, detecting and defending against consumer fraud in the marketplace. Although appropriate for all audiences, the course is geared toward young service members. The course contains facilitator information at the end of the course content for an optional shortened version of the course. This can be used when there is less than 60 minutes to facilitate the course or to customize trainings for your commands.

LEARNING OBJECTIVES

Terminal: Upon completion of this course, learners should be able to identify and protect themselves from misleading and fraudulent consumer practices.

Enabling:

- Given marketing slogans and advertising copy, learners will identify advertising techniques that target consumers in the *Marketing Slogans* and *Military Targets* activities.
- During the *Deter, Detect, Defend* activity, learners will correctly answer the questions on how to protect themselves from aggressive or predatory consumer practices.

REFERENCES

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COURSE PREPARATION

Handouts:

- *Deter, Detect, Defend* handout
- *Servicemembers’ Civil Relief Act Simplified* handout (optional)
- *Sources of Help for Military Consumers* handout
- *The Consumer Action Handbook* (Available in bulk from the Federal Trade Commission)

Materials (vary depending on activities chosen):

- Chart paper or whiteboard and markers
- Pens, pencils, paper
- Internet access (optional)
- Advertising samples from local newspapers and magazines
- *Consumer Awareness* PowerPoint slides
- *Consumer Jackpot* PowerPoint game (optional)

SUMMARY OF LEARNER ACTIVITIES

- *Marketing Slogans*: Class activity in which learners match advertising slogans to the company or product they represent.
- *Military Targets*: A group activity in which learners identify advertisements that target service members.
- *Deter, Detect, Defend*: A short quiz activity in which learners apply what they have learned about identifying, avoiding and protecting against consumer scams and fraud.
- *Consumer Awareness Jackpot*: An optional PowerPoint game-show-style presentation of program content that can be used in lieu of lecture or as a program review.

CONTENT OUTLINE

1. Welcome and Introduction (5 minutes)
 - a. Topic Overview
 - b. Agenda
2. Deter (20 minutes)
 - a. The Savvy Consumer
 - i. The Effects of Advertising
 - ii. Learner Activity: *Marketing Slogans*
 - iii. Common Advertising Techniques
 - iv. Meaningless Terms
 - v. Misleading Ads
 - vi. Military Personnel
 - vii. Learner Activity: *Military Targets*
 - b. The Impact of Technology
 - c. How to Deter
 - i. Eliminate Marketing Calls and Contacts
 - ii. Protect Personal Information
 - iii. Deterring Identity Theft
3. Detect (15 minutes)

- a. Misrepresentations, Scams and Frauds
 - b. Internet Fraud
 - c. Predatory Lending
 - i. Military Lending Act
 - ii. Payday Loans
 - iii. Auto Title Loans
 - iv. Refund-Anticipation Loans
 - v. Other Predatory Businesses
 - d. Detecting Identity Theft
4. Defend (15 minutes)
- a. Defensive Techniques
 - i. Make Smart Purchases
 - ii. Borrow Wisely
 - iii. Take Action
 - iv. Prevent Identity Theft
 - v. Learner Activity: *Deter, Detect, Defend*
 - b. Your Legal Rights
 - i. Canceling a Contract
 - ii. Cooling-Off Periods
 - iii. Federal and State Protection Laws
5. Summary (5-20 minutes)
- a. Sources of Help
 - b. Optional Learner Activity: *Consumer Awareness Jackpot*

CONTENT MATERIAL

WELCOME AND INTRODUCTION

TOPIC OVERVIEW

Welcome to Consumer Awareness, a course designed to show you how to avoid getting ripped off in the consumer marketplace and help you get the most for your hard-earned money.





Consumers purchase a variety of goods and services and pump billions of dollars into the economy annually. You could say that every cent a person earns gets spent on something; even money that is saved is spent on financial products (such as savings accounts, mutual funds, stocks and bonds). Most often, consumers purchase what they need at a fair price, but with billions of dollars spent annually, there are bound to be bad deals, too. Consumer education is the key to avoiding bad deals, scams and fraud in the marketplace. In fact, fraud is one of the few crimes in which victims can decline to participate – if they recognize the warning signs.

A common term used in consumer education is *caveat emptor*, a Latin term for “let the buyer beware.” Some unscrupulous businesspeople use this term to argue that it is a buyer’s responsibility to make sure they are getting a good deal for their money. Although there are laws to help protect consumers, laws do not relieve the consumer from doing everything they can to make wise spending decisions.

AGENDA

This course will focus on the three key steps to getting the most for your money and avoiding being a victim of fraud: deter (to prevent bad deals from happening), detect (to know when you have been victimized) and defend (to guard against future victimization). The goal of this course is to help you become a savvy consumer, familiarize yourself with advertising practices, scams and fraud and understand the ways to defend yourself from being a victim of poor consumer practices.



DETER

THE SAVVY CONSUMER

Consumer awareness means making sound choices about your money and making wise purchasing decisions. It means being informed and knowledgeable about your purchases and avoiding scams and rip-offs. Consumer awareness also means understanding the influence of advertising and not letting advertising or high-pressure sales tactics influence you to make poor consumer choices. Ultimately, it means you recognize that it is your knowledge and behavior in the consumer marketplace that determines whether you get the most for your money or become a victim of consumer abuse.





The Effects of Advertising

Marketing and advertising are designed to persuade you to make a purchase. In 2014, more than \$546 billion was spent globally on advertising. Most marketing campaigns follow a simple formula to get you to buy a product: They get your attention, they build your interest and desire, and they spur you to action. Depending on your lifestyle, you could be exposed to as many as 5,000 advertisements daily. These come at you from all different angles, from the billboard and radio ads on your way to work to the ads on (and from) your favorite websites.



LEARNER ACTIVITY: *Marketing Slogans*

Time: 5 minutes

Materials: PowerPoint slides

Procedure: Explain to learners that everyone is the target of advertising. We are intimately familiar with logos, slogans, icons and even colors! The most effective advertising has a timeless appeal.

Ask learners to identify the following slogans. (Note: In the PowerPoint deck, slogans will appear on the mouse click). How many of these icons do you recognize? Do you know the year they were first used?

- "Eat Fresh." (Subway, 2000)
- "Can You Hear Me Now?" (Verizon, 2002)
- "What's in your wallet?" (Capital One, 2011)
- "Live Mas." (Taco Bell, 2012)

Now ask learners:

- What is the 7th Amendment to the Constitution?

Tell learners that the 7th Amendment grants citizens the right to a trial by jury. It is interesting how many of us know these slogans and jingles, but many of us cannot recall a right that significantly affects our lives and our freedom. Now that is the power of advertising!

Explain that many of these slogans are memorable simply due to the multiple times you have been exposed to them. Repetition is just one of many effective marketing techniques. If you could easily recall the companies associated with these slogans, you are proof that marketing works.





Common Advertising Techniques

Advertising is both an art and a science to get you to buy more in terms of quality or quantity than you planned to buy, to spend more than you intended to spend and, if possible, to get you to buy something you neither wanted nor needed and to buy it repeatedly. Some advertising can be misleading, so it is important that you understand and recognize the tactics used to sell you a product or service.

Most advertisements use specific techniques based on the product and target audience. Here are some of the ways that advertisements will capture your attention, appeal to your logic or emotions and influence your decision to buy a product or service:

Beauty appeal: Beauty attracts us; we are drawn to beautiful people, places and things.

Celebrity endorsement: Ads will associate a product use with a well-known person. By purchasing this product, we are led to believe that we will attain characteristics similar to the celebrity.

Escape: Getting away from it all is appealing; you can imagine adventures you cannot have; the idea of escape is pleasurable and desirable.

Independence/individuality: Associates the product with people who can think and act for themselves. Products are linked to individual decision-making.

Intelligence: Associates the product with smart people who cannot be fooled.

Lifestyle: Associates the product with a particular style of living or way of doing things.

Nurture: Every time you see an animal or a child, the appeal is to your maternal or paternal instincts. These ads associate products with caring for others.

Peer approval: Associates the use of the product with friendship and/or acceptance. Advertisers can also use this negatively, to make you worry that you will lose friends if you do not use a certain product.

Rebellious: Associates the products with behaviors or lifestyles that oppose society's norms.

Rhetorical question: This technique poses a question to the consumer that demands a response. A question is asked, and the consumer is supposed to answer in such a way that affirms the product's goodness.

Scientific/statistical claim: Provides some sort of scientific proof or experiment, specific numbers or an impressive-sounding mystery ingredient.

Unfinished comparison/claim: The use of phrases such as, “Works better in poor driving conditions!” The question you should be asking is “Works better than what?”

Now that you understand the advertising techniques used, you can start looking more closely at the product or service you are considering and making more informed decisions about your purchases – and not falling prey to a great ad campaign. And remember to look out for offers that look too good to be true; they frequently are.

Meaningless Terms

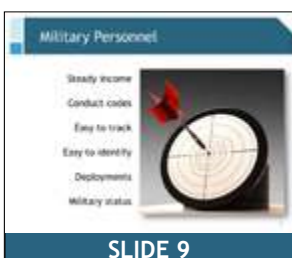
Advertisements often employ meaningless terms to make a product sound desirable. These include terms such as “greatly reduced” (from what?), “below cost” (how do they stay in business selling this way?), and “now or never” (which creates a sense of urgency on your part to buy or miss the opportunity). Now-or-never ads are often used in high-pressure sales such as timeshare vacations. Another common term used in high-pressure sales is “special purchase,” which is usually an excuse to raise the price with special features and looks.

Misleading Ads

In addition to meaningless terms, you need to be able to recognize misleading ads and targeted ads. Advertisers want to make you believe they cater specifically to you. They will often target these ads to certain groups of individuals, such as service members. Companies have to make a profit to stay in business, and many of the promises in these misleading ads would bankrupt them in a short time. Beware of sayings like, “We finance E-1s and up,” “Specialists in military financing,” “Instant financing” and “Free ride to store!” Make sure you are getting a great service, not falling prey to a misleading ad. Also, carefully investigate “free” or “bargain” offers, because the product or service is often neither and may have expensive strings attached. Complete the phrase: “If it sounds too good to be true, ... (it probably is).”

Military Personnel

Military personnel are targets for consumer predators. While many service members fall into the low-income category (always the most-targeted group of consumers), they have more economically attractive qualities than most low-income individuals, including:



- A steady paycheck (with no danger of being laid off) and a willingness to spend it. Businesses are aware of the ease of paying by allotment and find the ability to garnish the military paycheck an added benefit of dealing with service members.
- More service members marry at a young age and have greater financial needs.
- Military conduct codes that stress the need for orderly personal lives, including orderly finances, may inadvertently be driving service members toward the quick fixes offered by consumer predators.
- Many are young adults who have no consumer education, are away from home for the first time and are eager to experience new things.
- Service members are an easy population for debt collectors to track.
- Service members are easy to identify, even in civilian clothes, and it is easy for salespeople who have experienced military life to engage them, appear authoritative and use that to sell them something.
- Periods of deployment uniquely affect service members and their families. It is not uncommon for service members to spend the money saved during those months on deployment on big-ticket items (e.g., car, computer, game systems) because they now have “money burning a hole in their pocket.”
- Service members’ patriotism and military status make them targets for affinity marketing – using military-sounding names, military or military-like symbols and veterans in sales and executive capacities to gain trust in a company and its products.

Because of these factors, service members are specifically targeted consumers. And many businesses near military installations not only employ high-pressure sales tactics but can also be predatory and unethical in their sales and lending practices. They often advertise in nationally published and widely read Military Times newspapers. Since these newspapers are often thought to be official by substantial numbers of service members, it inspires trust in what may be unscrupulous businesses. All of these factors combine to make the military consumer, especially the young military consumer, especially susceptible to the scams and frauds that exist in the consumer marketplace.



LEARNER ACTIVITY: *Military Targets*

Time: 5 minutes

Materials: Newspapers, advertising papers and/or military or installation newspapers

Procedure: Divide the class into small groups. Distribute newspapers, magazines or other types of print material to learners. (Note: this is a short activity that usually works better in groups.) Ask learners to identify ads that are specifically targeted to the military. Once they have identified the ads, ask them what it is about the ads that would appeal to service members. If time allows, you can also ask learners to identify the advertising technique(s) used to make the product or service appealing.

THE IMPACT OF TECHNOLOGY



Trainer's note: If time allows and you have access to the Internet, you may go to the FTC website to explore additional information on using technology safely. The following links offer additional information which may be used in class or can enhance the facilitator's knowledge on this topic:

- **How to Keep Your Personal Information Secure:** www.consumer.ftc.gov/articles/0272-how-keep-your-personal-information-secure
- **Computer Security:** www.consumer.ftc.gov/articles/0009-computer-security
- **Tips for Using Public Wi-Fi Networks:** www.consumer.ftc.gov/articles/0014-tips-using-public-wi-fi-networks

No discussion of consumer awareness today would be complete if there was not a focus on the effects of technology. According to a 2014 Pew Research survey, 87 percent of Americans regularly access the Internet. With this high level of usage, it is no surprise that the Internet has become a primary focus of consumer fraud and abuse. Protecting your computer and using the Internet cautiously are important aspects of being a smart consumer. The Federal Trade Commission offers these tips for a safer online experience:

- Protect your personal information online.
- Know who you are dealing with and do not give out personal information.
- Use antivirus, antispyware software and a firewall, and update these programs regularly.
- Use strong passwords and keep them private.
- Back up important files securely.
- Be careful when using public wireless networks (Wi-Fi).

- Lock and/or password-protect your laptop, tablets, smartphones and other mobile devices.

HOW TO DETER

One important aspect of deterring consumer fraud is to know how to make wise purchases. Here are some basic guidelines for shopping, especially for big-ticket items.

Know what you want (and how it will fit into your spending plan): This will help you get the most for your money. Take a look at your buying motives, too. There is nothing wrong with spending some of your hard-earned money, but make sure you are making a purchase for the right reasons.

Do not buy on impulse: Impulse buying is a big contributing factor to getting ripped off. Unplanned spending not only undermines your budget, it means you have not done any research or comparison-shopping. So, you may not be getting the best deal for your money.

Do your homework: Know the product and the seller. Never buy anything that you do not understand. If a deal is legitimate, the seller will be willing to answer all of your questions and give you time to research the company and the product. Be especially careful when dealing with online merchants and be leery of businesses where the only way to contact them is through an email link on the website or a post office box for an address. And be sure to do your homework when making purchases at online auction sites. You should be familiar with how the auction works and how to evaluate the seller and item before making the purchase.

Comparison shop: Make sure you have investigated all of your options before making the purchase. Be sure to include the Navy Exchange and businesses that offer military discounts to take advantage of any tax benefits or discounts.

Check the warranty/guarantee: When comparing products and services, do not forget to check the warranty or guarantee that may save you repair or replacement costs in the future.

Get agreements in writing: If you do not have it in writing, it is your word against the salesperson's.

Sleep on it: Wait 24 hours before making a major purchase. This “cooling off” period will save you money once you get away from the salesperson's hype. Do not be rushed into signing anything. If the deal is not good tomorrow, it is not a good deal. You can have any retail installment contract review, at no cost to you, by your local Legal Service Office.





Eliminate Marketing Calls and Contacts

One of the easiest ways to avoid consumer rip-offs and overspending is to eliminate marketing calls and emails, junk mail and unsolicited offers.

Do Not Call Registry: Start by registering with the National Do Not Call Registry (www.donotcall.gov) to get your phone number removed from calling lists. If you get restricted telemarketing calls after your number has been in the national registry for 31 days, you can file a complaint at www.donotcall.gov or by calling 1-888-382-1222. Telephone numbers on the registry will only be removed when they are disconnected and reassigned, or when you choose to remove a number from the registry. The Federal Communications Commission requires telemarketers (except tax-exempt nonprofit organizations) to maintain a record of your request not to receive future telephone calls. The record must be maintained for 10 years. If you get another call from the same person or organization, report the date and source on the Do Not Call Registry site (www.donotcall.gov) or to the FCC at www.fcc.gov/complaints or 1-888-225-5322.

Remove your name from solicitation lists: Next, get your name removed from direct mail, catalog and email solicitations by registering with the Direct Marketing Association's opt-out program at www.DMAchoice.org.

Opt-out prescreen: Get your name removed from other solicitation lists and marketing efforts by opting out on your credit report file. You can access this site at www.optoutprescreen.com.

Telemarketer calls: If a telemarketer calls, request that your name be placed on their "do not call" list. By law, they must comply.

Solicitations: When given a choice, opt out of any solicitations. Tell all companies with which you do business to remove your name from customer lists they rent or sell to others. Look for information on how to opt out of marketing lists on sales materials, order forms and websites. Be careful what you sign up for and read the fine print before completing any forms. Giving out your personal information for marketing promotions, sales and giveaways means those companies have your information and can contact you.

Protect Personal Information

Trainer's note: The FTC has free handouts on computer safety, which you can order in bulk at <https://bulkorder.ftc.gov/Default.aspx>.



As we have already mentioned, the most commonly reported type of consumer fraud is identity theft. Safeguarding your personal information is one of the most important steps you can take to protect yourself.

- Guard your Social Security number. Give it out only when absolutely necessary. Ask businesses to use other types of identifiers when possible. If your state uses your Social Security number as your driver's license number, ask to substitute another number. Keep your Social Security card and any other document that shows your Social Security number in a safe place. Do not routinely carry your Social Security card or other documents that display your number.
- Sign credit/debit cards when they arrive. It makes it harder for thieves to forge your signature.
- Carry only the cards that you need. Extra cards increase your risk and your hassle if your wallet is stolen. Photocopy the contents of your wallet, front and back, and store the copies in a safe place.
- Keep your PIN secret. Never write a PIN on a credit/debit card or on a slip of paper kept with your card.
- Avoid obvious passwords. Avoid easy-to-find names and numbers, such as your birth date and phone number.
- Store personal information in a safe place at home and at work.
- Do not give card numbers to strangers. Confirm whether a person represents a company by calling the phone number on your account statement or on the company's website.
- Watch out for "shoulder surfers." Use your free hand to shield the keypad when entering your PIN at ATMs.
- Beware of blank spaces. Draw a line through blank spaces on credit slips. Never sign a blank slip.
- Keep your receipts.
- Once you no longer need them, destroy documents that contain account information. Stop thieves from finding information in the trash by shredding receipts, credit offers, account statements, expired cards, etc.
- Protect your mail. Ask your local post office to put your mail on hold (at your branch or online, <https://holdmail.usps.com/holdmail/>) when you are traveling and cannot pick it up.

- Keep a record of your cards and accounts in a secure location (safe, safe deposit box, etc.). List numbers, expiration dates and contact information in case there is a problem.
- Pay attention to your billing cycles. A missing bill could mean a thief has taken over your account. If you receive electronic statements instead of paper statements, be sure that you are checking those statements to ensure your personal information, such as a mailing address, are correct.
- Promptly compare receipts with account statements. Watch for unauthorized transactions. Shred receipts after verifying the charge on your monthly statement.
- Check your credit report once a year. Check it more frequently if you suspect someone has gotten access to your account information.

Deterring Identity Theft

Trainer's note: The FTC is the primary resource for information on identity theft. The FTC is a vital resource that you should share with your learners. You can request free copies of handouts from the FTC website at <https://bulkorder.ftc.gov/publications/identity-theft-what-know-what-do> The FTC website also has several videos on identity theft.



According to the FTC, identity theft is what happens when someone steals your personal information and uses it without your permission. Identity theft is a serious problem that can ruin your credit and your good name and can take a great deal of time, effort and money to resolve. The availability of personal information has made it easy for thieves to steal your identity and use it to open credit accounts, bank accounts and obtain loans. The results can be disastrous and could affect future credit worthiness, credit reports and jobs – every facet of your financial life.

In 2014, there were over 300,000 reports of identity theft to the FTC. Of those reports, the most common form of identity theft was government documents/benefits fraud, which comprised 34 percent of the reported cases. Identity theft via credit card fraud made up 17 percent of cases, with phone or utilities fraud making up 14 percent of cases and bank fraud making up 8 percent.

You can, however, take precautions to protect yourself against becoming a victim of identity theft. The FTC recommends the following precautionary measures:

- Safeguard your mail. The greatest amount of information used in identity theft is found in the garbage and in the mailbox. Cut down on the amount of junk mail you receive, and remember to shred everything. If you change addresses, let your creditors know. If you are expecting a new or replacement card or check, and if it is late, report it immediately.
- Opt out of unsolicited credit offers.
- Safeguard your wallet, identification cards and debit and credit cards.
- Take your receipts. Keep receipts to verify on your bank statements and then shred if not needed for tax purposes.
- Safeguard your checks, bank statements and pay records. Many people function in an almost paperless environment with online banking and electronic records. However, you should also ensure that your electronic files are safeguarded just as you would safeguard hard copy files.

DETECT

MISREPRESENTATIONS, SCAMS AND FRAUDS

Despite the consumer alerts, warnings and consumer education, there still is an abundance of misleading and illegal business in the marketplace. Anyone can be ripped off, if the circumstances are right and the opportunity for fraud is large. According to the Federal Trade Commission, in 2014 1.5 million fraud complaints were reported, with a total loss of \$1.7 billion. Remember, “awareness equals avoidance,” so here are some key terms and examples to help you recognize misrepresentations, scams and frauds:

Misrepresentations: A misrepresentation is not necessarily illegal, but it is misleading. Sellers mislead you by making you believe the deal is different than it really is. A key point to remember is that while some business practices certainly may not be ethical, they clearly are not illegal. This is precisely why *caveat emptor* (“let the buyer beware”) applies in the absence of legal guidance. Be on the lookout for door-to-door sales, sweepstakes prizes and contests, free gifts and merchandise you did not order.

Scams: A scam is an act of exploitation, but it is not necessarily illegal. Scams take advantage of areas where there are no consumer laws to provide protection. Be on the lookout for free home-inspection deals, get-rich-quick deals, pyramid schemes, work-at-home schemes, Internet-based business opportunities, Internet scams and predatory lending.



Frauds: A fraud is a deliberate deception. It is usually illegal, and there are numerous laws to protect the consumer. Be on the lookout for email fraud, identity theft, goods and services fraud and telemarketing fraud.

These are only some of the more popular types of schemes awaiting consumers in the marketplace. The FTC's Consumer Action Handbook addresses all of these and more. The handbook offers sound advice on avoidance and how to take corrective action. Every consumer should have a copy of this handbook. You can download a copy from the FTC at www.usa.gov/topics/consumer/consumer-action-handbook-online.shtml.

INTERNET FRAUD

With the majority of the population accessing the Internet on a routine basis, Internet fraud has become big business. The Federal Bureau of Investigation's Internet Crime Complaint Center (IC3) reported that there were 269,422 Internet fraud claims reported in 2014. These claims totaled an estimated \$800 million in losses, with an average per-person loss of \$530. Here is a breakdown of the some of the most commonly reported Internet frauds in 2014, based on information from the IC3 report:

- Internet auction fraud involving online car sales. In most cases, the perpetrator is attempting to sell cars they do not own.
- Romance scams where individuals are targeted through online dating.
- Hit man schemes where the perpetrator emails the victim stating he or she has been hired to kill them. The emails extort money from the victim in exchange for their safety.
- FBI scams which involved emails that used the FBI's name to gather personal information.
- Ransom or scareware computer scams intended to scare or intimidate the victim into paying the perpetrator to repair a damaging computer virus. A common method for these scams is a pop-up or warning screen which appears on the computer and states the computer has contracted a virus, has been used for illegal purposes, content has been encrypted, etc. The warning instructs the victim to send money via specified means to repair the situation.
- Rental scams where perpetrators take home information and create fake listings. Potential renters are instructed to send money (usually a deposit or first month's rent) via wire transfer.



- Online sweepstakes and lottery scams where victims are informed they have won a large sum of money but to receive the funds they have to first pay the processing fee.

Each year new scams and schemes are designed to steal money from unsuspecting victims. Be extremely cautious when making online purchases. Remember that if a deal sounds too good to be true, it probably is. And never give out your personal information unless you are certain about who you are giving it to. When in doubt, you can go to the joint federal task force website “Looks Too Good to be True” (www.lookstoooodtobetruerue.com/fraud.aspx) to check for information on current scams and schemes. You can report internet scams to the FTC or FBI.

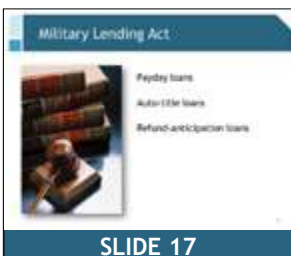
PREDATORY LENDING

Trainer’s note: Although the Military Lending Act (MLA) has limited the impact of payday loans, auto-title loans and refund-anticipation loans, details of the MLA are included here for instructor background and for questions that may arise from the learners. The information in this section is not intended to be covered at length or in its entirety. In addition to the MLA, many states have enacted legislation to cap interest rates on these predatory loans. Be sure to check to see what laws are in effect in your state so that you can share that information with your learners.

There are many types of lending that can be termed “predatory,” meaning that although it is legal, they charge extraordinarily high interest rates and/or fees and are not a good deal for the consumer. Three types of predatory-lending practices are regulated by the Military Lending Act (MLA) to protect the military consumer: payday loans, auto-title loans and refund-anticipation loans. These products have high interest rates coupled with short payback terms.

Military Lending Act

Enacted in 2007, the Talent-Nelson Amendment to the John Warner National Defense Authorization Act (informally known as the Military Lending Act) allows the DoD to regulate the terms of payday loans, auto-title loans and refund-anticipation loans to active-duty service members and their dependents. The MLA capped the interest rate at 36 percent, including all fees and charges. Additionally, loans may not be automatically refinanced (or rolled over) by the lender. The act also prohibits contracts that require the use of a check or access to a bank account, mandatory arbitration and unreasonable legal notice. And any credit agreement subject to the regulation that fails to comply with this regulation is void and cannot be enforced.



The DoD strongly encourages service members and their families to choose alternatives that are designed to help resolve financial crises, rebuild credit ratings and establish savings for emergencies. Payday loans, auto-title loans and refund-anticipation loans can propel an already overextended borrower into a deeper spiral of debt.

Payday Loans

Payday loans are short-term cash loans based on the borrower's personal check held for future deposit or electronic access to the borrower's bank account. Borrowers write a personal check for the amount borrowed plus the finance charge, and they receive cash. In some cases, borrowers sign over electronic access to their bank accounts to receive and repay payday loans. Lenders hold the checks until the next payday, when loans and the finance charge must be paid in one lump sum. To pay a loan, borrowers can redeem the check for cash, allow the check to be deposited at the bank or pay only the finance charge to roll over the loan for another pay period.

Internet payday lending adds security and fraud risks to payday loans. Consumers apply online or through faxed application forms. Loans are deposited directly into the borrower's bank account and electronically withdrawn on the next payday. Many Internet payday loans are structured to renew automatically every payday, with the finance charge withdrawn electronically from the borrower's bank account.

Payday loans range in size from \$100 to \$1,000, depending on state legal maximums. The average loan term is about two weeks. Without the MLA or other legislation, the average annual percentage rate on payday loans is around 400 percent. Payday loans trap consumers in repeat borrowing cycles due to the extremely high cost of borrowing, the short repayment term and the consequences of failing to make good on the check used to secure the loan. Because of the highly predatory nature of these loans, many states have passed legislation to cap payday loan interest rates.

Auto-Title Loans

An auto-title loan is a short-term loan, usually less than 30 days. Your car title is used to secure the loan. This means that if the loan is not repaid, the lender may take your car and sell it to get back the loan money. Most title lenders will make the loan only if you do not owe anything on the car.

Auto-title lenders often target people with bad credit, low income, service members and the elderly. The lenders make money from high interest rates on short-term loans and the repossession of cars when consumers cannot repay the loans. For example, the loan will show an interest rate of 25 percent for one month. But this rate over a year actually is 300 percent. Auto-title lenders will usually write a loan for 30 days or less. At the end of the month, the lender will accept from the borrower only the interest payment and allow the debt to be “rolled over” for another month at the same interest rate. On a \$600 loan, the interest would be about \$150. This means you owe \$750 at the end of one month. If you pay only the interest—\$150 for the month—you will again owe \$750 the next month plus interest on that amount. At this point, you will have paid \$300 in interest on a \$600 loan.

Refund-Anticipation Loans

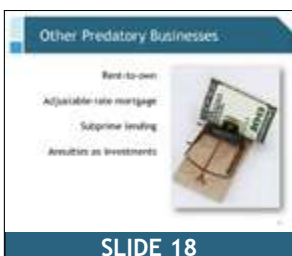
Refund-anticipation loans allow a taxpayer who is due a refund to get an advance on that refund. This is a high-fee, high-interest-rate short-term loan. Many people mistakenly regard this type of predatory lending as a service, a tactic common among most predatory-lending practices. For refund-anticipation loans, the lender sometimes is the income tax-preparation company and sometimes is a check-cashing service or other short-term lender. The fees paid to get the quick refund usually are based on a percentage of the refund, so the more you are getting back, the more the loan will cost.

What you may not know is that by filing taxes electronically, the taxpayer usually has the full amount of their refund deposited directly to their bank account in less than 10 days. Taxpayers, both military and civilian, can have their returns filed electronically for free using the Volunteer Income Tax Assistance (VITA) program. Military VITA programs usually are coordinated through the base Legal Service Office; call them for times and location information. If the annual tax refund is large, members should consider increasing their deductions to reduce the tax withheld and saving that amount in an interest-bearing account.

Other Predatory Businesses

The Military Lending Act does not cover the following predatory businesses and practices.

Rent-to-own: Rent-to-own is a business where you can rent household goods for much more than you would pay for them if you purchased them. The lender is counting on the buyer not doing their homework. If a salesman told you the price



of a sofa was \$1,000, why would you agree to pay \$2,000 for it? That's basically what rent-to-own does: It stretches out those "convenient, low monthly payments" until you have paid several times the actual value of your purchase. The disguised effect is to charge annual interest that often exceeds 500 percent.

Adjustable-rate mortgages and interest-only mortgages: The lure of lower payments and more house provided by adjustable-rate and interest-only mortgages proves difficult to resist for many people. Unfortunately, when it comes time for the interest rate to adjust, the borrower may not be able to afford the payments if the increase is large. Interest-only mortgages can be even worse. Buyers build no equity and even may lose money when it comes time to sell if the property does not appreciate in value as much as they hope it will.

Subprime lending: Generally, these are mortgage loans with a higher credit risk and therefore a higher interest rate for the borrower. Subprime lenders typically lend greater than the standard 80 percent loan-to-value and/or to borrowers who would not ordinarily qualify for a conventional loan.

Annuities as investments or retirement plans: An annuity is an insurance product that provides a payment or payments while you live, versus after you die, as standard insurance products do. Purchase dollars are usually put in a mutual fund to grow until payments to the beneficiary start. Although there is some guarantee of payments, these products usually carry high fees and expenses, including fees for cashing them in before age 59½. Taxes also tend to be high on annuities.

Annuities are sometimes sold in misleading ways, promising high returns that rarely become a reality. Annuity products pay high commissions to the brokers who sell them. This can provide the motivation to "push" these products inappropriately and solicit individuals with little knowledge of financial products. Young service members, especially those in the early stages of their careers, are heavily targeted by these brokers and in fact are the least likely to need this type of product.

SECNAVINST 1740.2E, *Solicitation and the Conduct of Personal Commercial Affairs on Department of the Navy Installations*, was issued to prevent insurance salespersons from soliciting service members on base, in their barracks or at meeting or functions that service members are required to attend. As a general rule, do not buy an annuity product that is being touted as a great investment without checking with your Command Financial Specialist (CFS), Fleet and Family Support Center (FFSC) financial counselors or other trusted, neutral professional who can help you unravel the sales hype and the details of the product, and help you figure out whether it is a good fit with your insurance and estate planning needs.



DETECTING IDENTITY THEFT

Combating identity theft is an ongoing battle. Thieves steal identities through credit card data, bills, mail, email, telephone solicitations, etc. Credit card and bank account irregularities alert the majority of identity theft victims, but you should be vigilant in checking for these indicators:

Missing bills: Monitor your mail. Most bills arrive about the same time every month. A missing bill could mean that someone has gotten access to that account and changed the address or has stolen the bill from your box to gain personal information about you.

Mysterious trade lines on your credit report: Check your credit report regularly. Every adult American gets a free credit report annually from each of the three major credit reporting agencies. By checking one of the three reporting agencies on a rotating four-month schedule, you can monitor your credit reports regularly and become aware quickly that something is amiss. You can access your credit report at www.annualcreditreport.com.

Unsolicited cards or bills: Receiving a credit card for which you did not apply or a bill for products or services you never received could be signs of identity theft. Call the bank or merchant immediately.

Credit denial: Sudden denial of credit when you never have had problems could indicate a problem.

DEFEND

DEFENSIVE TECHNIQUES

Trainer's note: For every fraud, scam and rip-off mentioned so far, the Federal Trade Commission provides specific protection and prevention suggestions in the annually updated Consumer Action Handbook. This resource can be ordered in bulk and provided to learners, used in training or accessed online.

There are many general strategies to keep from becoming a victim. Remember the basics:

- Know why the military is targeted and understand the influence of advertising.
- Be familiar with current scams and frauds in the marketplace.
- Have a budget and stick to it, separating your needs and your wants.
- Stop telemarketers; get off mailing lists, opt out.





- Be cautious and protective of your personal information and your computer.

Make Smart Purchases

Here are some tips to help you make smart purchasing decisions.

- Get agreements in writing and keep all of your receipts. How good are verbal promises? If you do not have it in writing, it is your word against the salesman's.
- Do not be rushed.
- Know the merchant before you buy.
- Take prompt action if you are unhappy with a product or service.

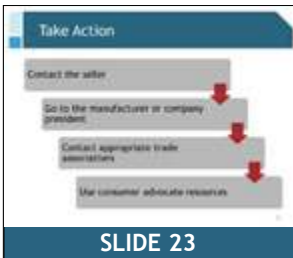
Borrow Wisely

How you pay for a product can be an additional expense and increase the cost of the product or service. You should research financing options just as you research the seller and product. Here are some guidelines to help you borrow wisely.

- Check with your credit union or bank first: If it is not an emergency, shop around for the best deal on a loan, just as you would with any other purchase. Remember that you usually can tell whether you should borrow money by who is willing to lend it to you. If you find yourself going to businesses known for predatory lending practices, talk with your Command Financial Specialist or a FFSC financial counselor first.
- Look for the annual percentage rate (APR): It should be clearly stated as a percentage on the contract, and you should have that information before the loan is signed, as required by federal law.
- Know the terms of the deal: Be clear about what will happen if you are late on a payment or unable to make a payment for any reason, and that the consequences are something you can handle.
- Use the Legal Service Office: The Legal Service Office is in the business of helping service members understand legal documents, including contracts of any kind. There is no fee for their assistance, and you may not need an appointment for assistance with an unsigned contract.

TAKE ACTION

Trainer's note: Refer learners to the first page of the *Sources of Help for Military Consumers* handout, which has the information in this section as well as a sample complaint letter. They can follow along on the handout as you cover this section.



Act immediately if you are unhappy with a product or purchase. There are four basic steps to take:

1. Contact the seller first: Start with the salesman. If that does not solve your complaint, go to the manager. Make sure you have a copy of all of your documentation, a clear description of the problem and the resolution you want. Be calm and clear with the store personnel. Sometimes company policy prevents the manager from giving you the help or remedy you desire. Be patient. Save all purchase-related paperwork, sales receipts, repair orders, contracts and any letters to or from the company, and keep a log of your conversations and actions that details who, what, where and when, with the times and results.
2. Go to the company president and/or the manufacturer: If the store manager is unable to help you, write a letter to the president of the company and/or the manufacturer of the product. Try to obtain the store president's name and address from the store manager. Calmly and accurately explain the problem and what action you would like taken. Be brief and to the point. Include all documentation and anything else you need to tell your side of the story. You are starting a paper trail that clearly will show your good-faith efforts to resolve the problem. Sending the letters by certified mail with a return receipt requested is the best way to verify that it was delivered.
3. Contact the appropriate trade associations, national consumer organizations, and/or media organizations. Many are listed in the Consumer Action Handbook.
4. Use your consumer advocate resources if you still are not satisfied.

Consumer advocate resources include:

- The state attorney general or state office of consumer affairs: This is the primary resource for people who have been the victims of fraud, misrepresentations and scams. They can take legal action against the company. Find your local office at www.naag.org.
- State regulatory and licensing agencies: These can be researched on the Internet or may be listed in the Consumer Action Handbook.
- Armed Forces Disciplinary Control Board: This is the military's consumer watchdog organization. You can make a report to the local regional board if you believe a company has taken advantage of you because of your military status or it is likely to take advantage of other service members.
- Better Business Bureau: This is a network of nonprofit organizations supported by local businesses that tries to resolve buyer complaints against sellers.

Records are kept on unresolved complaints as a source of information for the seller's future customers. The bureau also assists with complaints about the truthfulness of national advertising and helps settle disputes with automobile manufacturers.

- **Consumer Financial Protection Bureau:** You can submit a company complaint to this government agency. They will forward the complaint to the company, review the documentation you provide and work to get a response from the company. They also share complaint data with state and federal agencies in an effort to enforce federal consumer financial protection laws.
- **Dispute-resolution programs:** This is used as an alternative to court. Programs may be offered through a corporation or the court system and typically include mediation, arbitration and conciliation.
- **Small-claims court:** This court resolves disputes over small amounts of money. Typically, you will not need a lawyer. The maximum amount that can be brought into small-claims court varies from state to state.

PREVENT IDENTITY THEFT

Trainer's note: It is recommended that you order identity theft materials from the FTC and distribute when discussing this section. If time allows, go over the information on the handouts and point out how learners can contact the FTC to report identity theft. You can order handouts at: <https://bulkorder.ftc.gov/publications/identity-theft-what-know-what-do>.

Here are some tips to help you defend against identity theft:

Place an active-duty alert on your credit report: If you are deployed away from your usual duty station and do not expect to seek new credit while you are deployed, consider placing an active-duty alert on your credit report. An active-duty alert requires creditors to take steps to verify your identity before granting credit in your name. It is effective for one year, unless you ask for it to be removed sooner. If your deployment lasts longer than one year, you may place another alert on your report. To place an active-duty alert, or to have it removed, call the toll-free fraud number for one of the three nationwide consumer credit reporting agencies. The agency you call is required to contact the other two. The law allows you to use a personal representative to place or remove an alert.

Initiate a credit freeze on your credit report. This allows you to restrict access to your credit report.



Close accounts: Close any accounts that have been tampered with.

File a police report: The police report will show that you were a victim of identity theft if creditors try to get you to pay for a debt that you did not incur. Most credit card companies require a police report prior to starting any type of investigation or other action.

Keep a journal: Keep a written record of who you spoke with, when and what was said.

Contact the Federal Trade Commission at 1-877-ID-Theft or www.consumer.gov. The Federal Trade Commission serves as the federal clearinghouse for complaints by victims of identity theft. While the FTC does not resolve individual consumer problems, your complaint helps the FTC investigate fraud and can lead to law-enforcement action. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel Network, a secure, online database available to hundreds of civil and criminal law-enforcement agencies worldwide.



LEARNER ACTIVITY: *Deter, Detect, Defend*

Time: 10 minutes



Materials: *Deter, Detect, Defend* handout

Procedure: Distribute the handout and writing materials. Explain to the learners that this is a review of topics already covered in class. Give learners a few minutes and then review the answers.

True/false answers:

- | | |
|----------|-----------|
| 1. False | 6. False |
| 2. True | 7. True |
| 3. True | 8. False |
| 4. False | 9. True |
| 5. False | 10. False |

Multiple-choice answers:

- | |
|-------|
| 1. C |
| 2. C |
| 3. A |
| 4. A |
| 5. C. |



YOUR LEGAL RIGHTS

Another aspect of being a savvy consumer is to know your legal rights. You should know how to cancel a contract, understand cooling-off periods and be familiar with federal and state protection laws.

Canceling a Contract

There are four steps to legally cancel a contract:

1. Cancel in writing.
2. Keep a copy of your cancellation letter.
3. Send the cancellation by certified mail with return receipt requested, so you have a record that your cancellation request was received if a dispute arises.
4. Keep a copy of your letter and signed return receipt until you get your money back.

If you cancel a contract by telephone, be sure to get the name of the person with whom you spoke and follow up your call with a letter using the steps above. Mention the name of the person with whom you spoke on the phone. Be sure to act within three business days. Saturdays are considered business days, while Sundays and holidays are not.

Cooling-off Periods

When you buy something at a store and later change your mind, your ability to return the merchandise depends on the store's policy. If you buy an item in your home, you might have three days to cancel. This cooling-off rule also applies to purchases of \$25 or more made at your workplace and to places rented by a seller on a temporary basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants. The cooling-off rule requires sellers to tell you that you have three business days after the sale to change your mind. Specific information about cooling-off periods can be found in the Consumer Action Handbook.

Federal and State Protection Laws

Trainer's note: You may wish to distribute the optional *Servicemembers' Civil Relief Act Simplified* handout so that learner will have additional information on consumer protections offered by the SCRA.





Consumers have legal rights at the state and federal level. You do not lose these rights because you are in uniform, but you do need to know what they are to protect yourself.

Federal consumer laws include:

Servicemembers' Civil Relief Act: Originally passed by Congress as the Soldiers' and Sailors' Civil Relief Act of 1940, the Servicemembers' Civil Relief Act (SCRA) provides specific protections for military members in areas of financial management, such as interest rate relief, installment contracts, rental agreements, lease termination and civil judicial proceedings.

Consumer Bill of Rights: These are general rights of access to product and price information and the right to an informal dispute process.

Fair Credit Billing Act: This applies only to credit purchases and allows you to withhold payment on a disputed product or service. This law allows you to challenge a credit card charge when the charge was unauthorized or is in error, you never received the product or the product did not perform as promised.

7th Amendment (right to trial by jury): This is the cornerstone to a consumer's right to appeal and is part of the Bill of Rights. Many high-cost contracts have a waiver of the right to court appeal to avoid costs and class action against manufacturers. Never waive this hard-won right by signing a contract without taking it to your Legal Service Office first.

Credit Card Accountability, Responsibility, and Disclosure Act: This law prevents credit card companies from predatory actions such as teaser rates, excessive fees and charges and the ability to raise your rates with little or no notice. Additionally, the law requires companies to apply payments to the balance with the highest interest rate when there are multiple interest rates on an account. The law also affects overdraft protection practices that use a line of credit as the backup to a checking account. Account holders have to opt in to continue to allow approval of transactions that overdraw the account and prompt the charge to the line of credit.

The Military Lending Act of 2007: Also known as the Talent-Nelson Amendment, the most-discussed and recognized provision of the MLA is the 36 percent APR cap on consumer credit extended to service members. The cap applies to payday loans, auto-title loans and refund-anticipation loans. In addition to this rate cap, the MLA also prohibits repeat financing with the same creditor, prohibits a borrower from waiving their rights to legal recourse, defines annual percentage rate and bans the use of a check as collateral for a loan.

State consumer-protection laws include:

Lemon laws: (also known as motor vehicle warranty enforcement acts or motor vehicle warranty rights acts): These laws allow you to return a new vehicle that has safety or repeat mechanical or cosmetic problems that constitute a major defect. You are entitled to a refund or a replacement. Some states also have lemon laws regarding used vehicles.

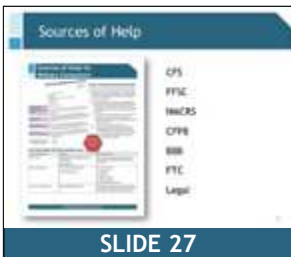
State automobile repair facilities act: Many states have enacted laws that deal specifically with businesses that repair vehicles. The laws, which vary from state to state, may deal with issues such as required disclosures on written estimates, unauthorized charges, invoices, disposition of replaced parts and unlawful acts and practices. To find out whether your state has an auto repair facilities act, contact your state attorney general, consult the Consumer Action Handbook or check for the information on the Internet.

Usury laws: A usury law sets a cap on interest rates. Since there is no federal limit, each state determines its own maximum allowable rate. Almost every state has some form of usury law, but there always are businesses that are able to find their way around them.

SUMMARY

SOURCES OF HELP

Trainer's note: Before continuing, refer learners to the *Sources of Help for Military Consumers* handout. Explain that all of these sources and the websites on the following slide are on the handout. If time allows, you may also want to go over the resources available in the Consumer Action Handbook.



The consumer marketplace can be a complicated place. Take advantage of all of the resources available to you to help you make smart purchases. You should be familiar with the following resources:

Command Financial Specialist (CFS): CFSs are members of the military appointed by the commanding officer to provide financial education and training, counseling and information referral at the command level. The CFS should be the first stop for the service member who has questions or issues about financial issues.

Fleet and Family Support Center (FFSC): Your local FFSC has a financial education staff to provide personal financial information, education and counseling.

They normally work closely with the CFS at the local commands. FFSC offers classes on a variety of topics that can be valuable for military consumers.

Armed Forces Disciplinary Control Board: This military board has the power to place a business off-limits for illegal and unsafe practices. You can make a report to the local regional board if you believe the company has taken advantage of you because of your military status or it is likely to take advantage of other military personnel.

Navy-Marine Corps Relief Society (NMCRS): The society has trained counselors that can help you preparing a budget or spending plan. It also makes zero-interest loans, or grants, to service members for emergency needs that are within their guidelines. The money is repaid by allotment over a period of time that will not put the service member in further financial trouble.

The Consumer Financial Protection Bureau (CFPB): CFPB is another great place to learn about financial programs, especially how to protect your money from consumer fraud. The CFPB Office of Servicemembers Affairs provides easy information to help military consumers protect their finances. With a database of information and the ability to post questions to professional financial counselors, the CFPB offers a wealth of information to help you become a savvy consumer. CFPB also assists in consumer complaints and will forward your complaint to the company and work to get resolution from the company.

Better Business Bureau (BBB): The BBB sets standards for ethical business practices and is a valuable resource to identify trustworthy businesses. You can also file a complaint against a registered business on the BBB website.

The Federal Trade Commission (FTC): In addition to being the primary resource for information on identity theft, the FTC has information, news and alerts on all types of consumer issues and offers tips and advice on consumer protection.

Regional Legal Service Office (RLSO): RLSO can provide assistance in a dispute over a bill or contract. They strongly encourage service members who are considering making a major purchase to come in with a copy of the unsigned contract. Many offices offer head-of-the-line privileges to review an unsigned contract.

Consumer Action Handbook: The FTC's Consumer Action Handbook offers sound advice on avoiding scams and fraud and how to take corrective action. Every consumer should have a copy of this handbook. You can download a copy from the FTC at www.usa.gov/topics/consumer/consumer-action-handbook-online.shtml.

Be sure to keep your *Sources of Help* handout so that you have information on a host of online consumer resources.



OPTIONAL LEARNER ACTIVITY: *Consumer Jackpot Review Game*

(See “Introduction to the Courses: PowerPoint Games” for information on how to conduct this review activity.)

Question Bank for Consumer Jackpot

Categories: Where to Complain, Your Legal Rights, What a Rip-Off!, Sources of Help, Deter-Detect-Defend

WHERE TO COMPLAIN

- 100 Q: Name the organization that sets the standard for ethical business practices where you can locate trustworthy businesses and file complaints against unethical businesses.
- A: The Better Business Bureau
- 200 Q: Name the military board that has the power to place a business establishment off limits for illegal and unsafe practices.
- A: Armed Forces Disciplinary Control Board
- 300 Q: Which organization would you contact to reduce the amount of junk mail you receive?
- A: Accept any one of the following:
- Direct Marketing Association
 - U.S. Postal Service
 - Credit reporting agencies
 - Call 1-888-5OPTOUT or go to www.optoutprescreen.com
- 400 Q: Name one place you can report scams on the Internet.
- A: Accept either the FTC or FBI.
- 500 Q: Name one of the three steps in making a consumer complaint.
- A: Accept any of the following:
- Contact the seller.
 - Contact the company president or headquarters.
 - Use your consumer advocates?

YOUR LEGAL RIGHTS

- 100 Q: What is the total number of days you have in which to cancel a contract signed at the merchant's place of business?
- A: Zero
- 200 Q: What is the common name for the motor vehicle warranty enforcement act that applies only to new cars with safety or repeat mechanical problems?
- A: The lemon law
- 300 Q: What is the law that protects the military from predatory lending?
- A: The Military Lending Act
- 400 Q: Name the law that, in most states, prevents mechanics from exceeding a written repair estimate by more than 10 percent (unless you authorize it first).
- A: The Automobile Repair Facilities Act
- 500 Q: The protections in this act include interest rate relief, installment contracts, rental agreements, lease termination and civil judicial proceedings.
- A: The Servicemembers' Civil Relief Act (SCRA)

WHAT A RIP-OFF!

- 100 Q: Name the type of business that will accept a postdated check for a loan amount plus interest that they will be happy to roll over weekly at interest rates of 400 percent or more?
- A: A payday loan company
- 200 Q: Name one of the phrases used in misleading advertising.
- A: Accept any of the following:
- "We Finance E-1 and up!"
 - "Greatly Reduced!"
 - "Below Cost!"
 - "Free Ride to the Store!"

300 (double jackpot)

Q: Name the type of business where you can get household items on “convenient, low monthly payments” until you have paid several times the actual value of your purchase.

A: Rent to own

400 Q: Name one way to detect identity theft.

A: Accept any of the following:

- Missing bills
- Mysterious trade lines on credit reports
- Credit cards not applied for
- Sudden denial of credit

500 Q: What is the consumer combat strategy, motto or creed a consumer should live by in the marketplace in order to avoid being “ripped off?”

A: *Caveat emptor* or “Let the buyer beware”

SOURCES OF HELP

100 Q: Who is the point of contact in your command that provides members with financial information and counseling?

A: Command Financial Specialist (CFS)

200 Q: Name the organization where service members and their family members can attend financial classes at no cost.

A: Fleet and Family Support Center

300 Q: What is the publication from the Federal Trade Commission that aids consumers with all aspects of consumer protection?

A: The Consumer Action Handbook

400 Q: Name the military resource where service members can take unsigned contracts to be reviewed by an attorney at no cost.

A: Legal Service Office

500 Q: Name the government organization that will forward your company complaint, review the documentation you provide and work to get a response from the company.

A: The Consumer Financial Protection Bureau (CFPB)

DETER-DETECT-DEFEND

- 100 Q: Complete the following sentence: If it sounds too good to be true,
_____.
- A: It probably is.
- 200 Q: Name the place where you can research a business before you make a purchase.
- A: The Better Business Bureau (BBB)
- 300 Q: Name a way to keep yourself from being rushed into making a purchase.
- A: Accept “wait 24 hours” or “sleep on it.”
- 400 Q: Name three “basics” you should remember to defend against consumer rip-offs.
- A: Accept any three of the following:
- Understand and recognize military-targeted advertisements.
 - Recognize false or misleading ads.
 - Have a budget and stick to it.
 - Do not buy on impulse.
 - Do your research on the product and the seller.
 - Comparison shop.
 - Opt out of calling, mailing and email lists.
 - Protect personal information and your computer.
 - Be familiar with current scams in the marketplace.
- 500 Q: Name one way to “know what you can afford.”
- A: Create a budget or spending plan

FINAL JACKPOT

- Q: Who is the first person you should contact if you are dissatisfied with a product or service you have purchased?
- A: The seller

OPTIONAL SHORT COURSE

Trainer's note: The following instructions and topic allow you to facilitate a consumer awareness brief in 30 minutes or less. This shortened course content can be used as a marketing brief or when presentation time is limited. The instructions note what parts of the content to use for this shortened course and how to modify existing content. If you are using the PowerPoint slides as part of your brief or presentation, you may wish to hide unused slides.

Time: 15 to 30 minutes

Handouts:

- *Deter, Detect, Defend* handout
- *Servicemembers' Civil Relief Act Simplified* handout (optional)
- *Sources of Help for Military Consumers* handout

Topics:

WELCOME AND INTRODUCTION

Slides 1 to 2: Start with a brief introduction of yourself and the topic. Pass out the course handouts and inform learners that the handouts provide a review of content covered in this course (or brief) as well as additional content not covered.

Slides 4 to 5: Discuss what makes a savvy consumer. This should be a brief overview to help learners understand the influence of advertising.

Slides 7 to 9: Briefly cover how advertisers will use meaningless terms and misleading ads. You do not need to spend a lot of time on this, but it is necessary aspect when discussing how advertisers target military personnel on Slide 9. If time allows you may wish to at least point out some military ads in local papers in lieu of doing the *Military Targets* activity.

Slides 10 to 14: Provide a short overview of the content on these slides to illustrate the different ways that smart consumers can protect themselves. You do not have to cover every topic in this section, as some of the points are listed on the *Sources of Help for Military Consumers* handout. For items topics listed on the handout (i.e., removing yourself from unwanted solicitation, protecting your personal information and safe computing tips), provide a basic statement on the topic and why it is relevant and then refer learners to the handout for the content.

DETECT

Slides 15 to 16: Go over the concept of how to deter from consumer misrepresentations, scams and fraud (including Internet fraud).

Slides 17 to 18: Start by explaining the basic features of the Military Lending Act and the predatory lenders that are covered by the Act. Then provide briefly list the predatory businesses that do not fall under the protection of the Military Lending Act.

Slide 19: List the ways that learners can detect if they are victims of identity theft. Remind learners to contact the Federal Trade Commission (FTC) website for additional information on identity theft or if they suspect they are victims of identity theft.

DEFEND

Slides 20 to 22: Use the bullet points on the slides to cover how to defend against rip-offs and consumer fraud. Skip the following slide (Slide 23) on taking action but refer learners to the *Sources of Help for Military Consumers* for the steps and information on filing consumer complaints.

Slide 24: Cover the tips to help defend against identity theft. Again, refer learners to the FTC website for additional information.

Slide 26: Provide an overview of the various federal and state protections for consumers. If time is short, provide only the name and a very short description. Refer learners to the *Servicemembers' Civil Relief Act Simplified* handout for additional information on the SCRA and let them know that they can contact their local Legal Service Office for additional information on any of these legal protections.

SOURCES OF HELP

Slide 27: Go over the resources on the *Sources of Help for Military Consumers* handout and end by inviting learners to the full *Consumer Awareness* course and to visit their CFS or FFSC financial counselor for additional information and assistance.

Deter, Detect, Defend

True/False: Indicate whether the statements below are true or false.

1. _____ Impulse shopping is a good way to be a savvy consumer.
2. _____ You should get all promises from your salesman in writing.
3. _____ Fraud is deliberate deception and is punishable by law.
4. _____ It is OK to open attachments from unknown email addresses.
5. _____ Cooling-off periods apply to all purchases, no matter what the cost.
6. _____ To ensure you remember your PIN, always use the same one.
7. _____ You should install antivirus and antispyware software on your computer and update it regularly.
8. _____ There is no way to make telemarketers stop contacting you.
9. _____ Identity theft is the most commonly reported type of fraud.
10. _____ There is no need to keep your ATM receipts.

Check the block next to the correct answer.

1. Which of the following is a good way to be a savvy consumer?
 - a. _____ Trust salespeople who used to be active-duty service members.
 - b. _____ Make all your purchases near the base.
 - c. _____ Comparison shop before making a purchase.
2. To protect your identity, you should:
 - a. _____ Give your personal information to friends.
 - b. _____ Carry your Social Security card with you in your wallet.
 - c. _____ Shred or destroy ATM receipts once you have reconciled them with your statement.
3. You can eliminate marketing and solicitation by:
 - a. _____ Registering with the federal Do Not Call Registry.
 - b. _____ Placing a hold on your mail.
 - c. _____ Changing your email address.
4. Service members are perfect targets for identity theft because:
 - a. _____ They deploy for long periods of time.
 - b. _____ They may live in low-income housing.
 - c. _____ They often work unusual hours.
5. When shopping online you should:
 - a. _____ Shop with any website that has the product you are looking for.
 - b. _____ Accept all pop-up advertisements and warnings.
 - c. _____ Verify the company has a legitimate address and secure site.

The Servicemembers Civil Relief Act (SCRA) Simplified

Note: This handout provides a basic overview of the provisions of the SCRA. Due to the complexity of the act and regular changes to the provisions, it is recommended that service members contact their Legal Service Office for questions and guidance.

WHAT IS THE SERVICEMEMBERS CIVIL RELIEF ACT?

In 2003, the Soldiers and Sailors Civil Relief Act was rewritten and renamed the Servicemember Civil Relief Act (SCRA). The law governs protections for members of the U.S. military.

WHO IS COVERED?

Reservists and members of the National Guard (when in active federal service) also are protected under the law. SCRA (for all) begins on the first day of active duty, which means when the person ships out to basic training (basic training and job-school are considered active duty for Guard and Reserve personnel, as well as active-duty personnel). Some protections under the act extend for a limited time beyond active-duty discharge or release but are tied to the discharge/release date. Additionally, some of the act's protections extend to the member's dependents.

National Guard members recalled for state duty also are protected by the Servicemembers Civil Relief Act in certain circumstances. Guard members are entitled to SCRA protection when called to state active duty under Title 32, if the duty is because of a federal emergency; the request for active duty is made by the president or secretary of defense; and the member is activated for longer than 30 days.

MAJOR LEGAL PROTECTIONS

Termination of cellphone contracts: The SCRA requires providers to suspend or terminate cellphone contracts without charging any early termination fee, if the service member's deployment prevents them from using their services. If the service member does not wish to cancel their service and will be deployed outside the United States, the provider must allow the service member to suspend their service at no charge without requiring an extension of the contract. Note that the service member must make the request to their provider before leaving on deployment.

Automobile leases: If a service member enters into an automobile lease before going on active duty, they may request termination of the lease when called to active duty. Service members making a permanent change of station (PCS) move, or who deploy for a specified period of time, may also be able to terminate such leases.



Termination of residential leases: The SCRA allows a service member to terminate a residential lease entered into while in the military, if the member receives PCS orders or orders to deploy for a specified period of time.

Evictions from housing: Service members may seek protection from eviction under the SCRA. The rented or leased property must be occupied by the service member or their dependents, and the rent cannot exceed a certain amount, which is adjusted each year. The service member or dependent who has received notice of an eviction must submit a request to the court for protection under the SCRA. If the court finds that the service member's military duties have materially affected his ability to pay his rent on time, the judge may order a "stay" (postponement) of the eviction proceeding or make any other "just" order.

Relief from foreclosures: Depending on your duty status and situation, the SCRA may provide protection against foreclosure. The SCRA prohibits the "sale, foreclosure, or seizure" without a court order of a service member's personal property as long as the debt was secured before the service member entered military service.

Installment contracts: The SCRA gives certain protections against repossessions for installment contracts. If the contract was entered into before going on active duty and at least one payment was made before that time, the creditor cannot repossess the property while the member is on active duty, nor can they terminate the contract for breach without a court order.

Six percent interest rate: If a service member's military obligation makes it difficult to pay on financial obligations such as credit cards, loans, mortgages, etc., the service member can have the interest rate capped at 6 percent for the duration of the service member's military obligation. Qualifying debts are debts that were incurred by the service member, or the service member and their spouse jointly, before coming on active duty. Debts entered into after going on active duty are not protected by this provision of the law.

Court proceedings: If a service member is a defendant in a civil court proceeding, the court may grant a delay if you are deployed. The provision applies to civil lawsuits, suits for paternity, child custody suits, bankruptcy debtor/creditor meetings and administrative proceedings.

Enforcement of obligations, liabilities, taxes: A service member or dependent may, at any time during or within six months after their service, apply to a court for relief of any obligation or liability incurred before active duty or for relief of a tax or assessment made before or during active duty. The court may grant stays of enforcement during which time no fine or penalty can accrue.

Sources of Help for Military Consumers

SAMPLE COMPLAINT LETTER

Your Address
Your City, State, Zip
Date

Name of Contact Person, if available
Title, if available
Company Name
Consumer Complaint Division (if you have no specific contact)
Street Address
City, State, Zip Code

Dear (Contact Person),

Re: (account number, if applicable)

On (date), I (bought, leased, rented or had repaired) a (name of the product, with serial or model number or service performed) at (location, date and other important details of the transaction).

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem). I am disappointed because (explain the problem: for example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented, etc.).

To resolve the problem, I would appreciate your (state the specific action you want — money back, charge-card credit, repair, exchange, etc.). Enclosed are copies (do not send originals) of my records (include receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers and any other documents).

I look forward to your reply and resolution to my problem and will wait until (set a time limit) before seeking help from a consumer-protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (home and/or office numbers with area code).

Sincerely,
(Your Name)
Enclosure(s)

Describe the purchase. Include the name of product and serial number. Include the date and place of purchase.

State the problem. Give the history.

Ask for specific actions. Include copies of documents.

Allow time for action. State how you can be reached.

Keep copies of all of your letters, faxes, emails and related documents.

HOW TO COMPLAIN EFFECTIVELY

- See your Command Financial Specialist for guidance.
- Save all purchase-related paperwork. Include copies of receipts, repair orders, warranties, canceled checks, contracts and any letters to or from the company.
- If you have a problem:
 1. Contact the business – start with the salesperson with whom you dealt or the manager. Clearly and calmly describe the problem and the action you would like them to take. Document their response in writing.
 2. Contact the company president or a representative of the manufacturer. Use the Sample Complaint Letter. Send it by certified mail, return receipt requested.
 3. Contact industry trade associations.
 4. Contact local and state consumer advocates for further assistance. Don't give up until you are satisfied. Use the quick resource list on the reverse side of this page for consumer-protection contacts.

STOP IT!

Getting Your Name
Off Solicitation
Lists

GET YOUR NAME OFF SOLICITATION LISTS:

Type of Solicitation	Contact	Other Information
Phone Calls	National Do Not Call Registry www.donotcall.gov 1-888-382-1222	You can file a complaint about solicitation calls after your number has been on the list for 31 days.
Junk mail and email	Direct Marketing Association www.DMAchoice.org	Included at this site: <ul style="list-style-type: none"> ■ Credit offers ■ Catalogs ■ Magazine offers ■ Other mail offers ■ Email preference service
Credit or insurance offers	www.optoutprescreen.com	The official credit reporting industry website to accept and process requests from consumers to opt-in of credit or insurance offers.

HOW TO FILE A COMPLAINT ABOUT A SALES CALL:

If you believe a sales call is in violation of the Federal Trade Commission rule and want to file a complaint, you can use one of the following sites:

Federal Trade Commission: <https://www.ftccomplaintassistant.gov>

Federal Communications Commission: www.fcc.gov/complaints or 1-888-225-5322

National Do Not Call Registry: www.donotcall.gov

PROTECT YOUR PERSONAL INFORMATION

- Guard your Social Security number.
- Sign credit/debit cards when they arrive.
- Carry only the cards you need.
- Keep your PIN numbers secret.
- Avoid obvious passwords.
- Store personal information in a safe place at home and at work.
- Do not give card numbers to strangers.
- Watch out for “shoulder surfers.”
- Keep your receipts.
- Destroy documents that contain account information (when no longer needed).
- Protect your mail.
- Pay attention to your billing cycles and check statements against receipts.
- Check your credit report once a year.

THINK BEFORE YOU CLICK: PRACTICE SAFE COMPUTING

- Protect your personal information online.
- Know who you are dealing with and do not give out personal information.
- Use antivirus and antispyware software and a firewall, and update these programs regularly.
- Use strong passwords and keep them private.
- Back up important files securely.
- Be careful using public wireless networks (Wi-Fi).
- Lock and password protect your laptop, tablet, smartphone and mobile devices.

WEBSITES FOR CONSUMERS

The Consumer Action Handbook: www.consumeraction.gov

Consumer Protection

Better Business Bureau: www.bbb.org

Center for Responsible Lending: www.responsiblelending.org

Consumer safety tips: www.consumer.gov

Consumer Reports: www.consumerreports.org

Federal Citizen Information Center: <http://publications.usa.gov/>

Federal Trade Commission: www.ftc.gov

Free annual credit reports: www.annualcreditreport.com

Internet Crime Complaint Center: www.ic3.gov

Kelley Blue Book: www.kbb.com

Military OneSource: www.militaryonesource.com

NADA Car Guides: www.nada.com

National Association of Attorneys General: www.naag.org

National Consumers League: www.natlconsumersleague.org

National Consumers League Fraud Center: www.fraud.org

National Legal Aid & Defender Association: www.nlada.org

Network of consumer hotlines: www.callforaction.org

Payday loan consumer information: www.PayDayLoanInfo.org

Public Citizen, consumer advocacy: www.citizen.org

Scam site: www.scambusters.org

Emergency Financial Assistance

American Red Cross: www.redcross.org

Navy-Marine Corps Relief Society: www.nmcrs.org

Financial Information and Counseling

Consumer credit counseling: www.nfcc.org

Credit reporting agencies:

Equifax: www.equifax.com/home/en_us

Experian: www.experian.com

TransUnion: www.transunion.com

Free annual credit report: www.annualcreditreport.com

Navy Fleet and Family Support Programs: www.cnic.navy.mil/ffr/family_readiness/fleet_and_family_support_program.html

Predatory Lending

Center for Responsible Lending: www.responsiblelending.org

Payday Loan Consumer Information: www.PayDayLoanInfo.org