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UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Statement of Chairman Janet D. Steiger¹
Advance Fee Loan Schemes Press Conference
January 13, 1992

Thank you for coming. It is important that you're here today to help us alert consumers nationwide to the risks of advance-fee loan scams. These scams have generated hundreds of thousands of consumer complaints according to the Better Business Bureau, may be growing to epidemic levels, have infiltrated virtually every state, and require a new level of both state-federal cooperation and of consumer vigilance.

Consumers who need five, ten, or 15 thousand dollars in a hurry often are easy targets for advance-fee loan scams, in which answering an ad leads to a phony loan guarantee. Consumers pay a fee of several hundred dollars for this guarantee, only to learn later that the "lender" has simply left town with their money. We believe that some of these schemes may be linked together by third parties who try to avoid detection by keeping a low-profile in one state, while the more visible "loan brokers" set up and then quickly shut down boilerrooms that prey on consumers in other states.

¹The views expressed here are those of the Chairman and do not necessarily reflect those of the Federal Trade Commission or the other Commissioners.

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(Advance-Fee Loan Scams/Steiger Statement--01/13/92)

Today, representatives of the FBI, the Secret Service, Postal Inspectors, the FTC and state law enforcement and regulatory agencies come together to issue a public warning about these scams, and to explore ways of better exposing them and attacking them at their roots. We want those who perpetrate these schemes to know that while they may still run, it's going to be much harder to hide.

Together, we are warning consumers to:

-- BE CAREFUL when you read that bankruptcy or a bad credit history is no problem to getting a loan or credit;

-- BE CAREFUL when you are asked to pay a fee to a total stranger before you have actual proof that you are getting your loan; and to

-- BE CAREFUL when a lender you have never heard of is willing to make on-the-spot loan commitments that an established banking or lending institution in your area would not give you.

Copies of the consumer alert are available. The next speaker is Sarah Hargrove.