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NEWS RELEASE

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PHONY ONLINE ESCROW COMPANIES CLAIMING TO BE LICENSED IN IDAHO HAVE THEIR WEBSITES SHUT DOWN

CONSUMERS ADVISED ON HOW TO AVOID ONLINE ESCROW FRAUD

(Boise) – Gavin Gee, Director of the Idaho Department of Finance, today announced that the websites, *Banker-Trust.com* and *Federal-Trust.com* have been shut down as a result of the Department's efforts to protect the public against online escrow fraud.

Armed with information referred from the Boise Better Business Bureau, the Department of Finance issued Cease and Desist Orders against *Banker-Trust.com* and *Federal-Trust.com* during the week of June 19th. According to Gee, *Banker-Trust.com* and *Federal-Trust.com* were phony Internet-based escrow companies falsely claiming to be licensed and headquartered in Boise. Each also falsely claimed on its website to be, "the largest escrow company in Idaho."

"Other than having fancy websites designed to deceive the public, these companies didn't even exist," said Gee. "They were complete frauds, and we are pleased to report that their websites have been shut down."

Based on contact with consumers from around the country, the Department had reason to believe that customers of popular online auction sites were being defrauded by the phony online escrow services. Gee said that the Better Business Bureau and industry representatives were helpful in obtaining closure of the phony websites. Gee also credits the 2005 Idaho Legislature with passing the Idaho Escrow Act which gave the Department the authority to pursue escrow scams.

Gee said that the Internet service provider (ISP) shut down the perpetrators' websites after receiving a copy of the Department's Cease and Desist Orders. "This serves as a good example of how the Better Business Bureau, industry representatives, and a government regulator can work together to achieve positive results for consumers," said Gee.

What is Online Escrow Fraud?

Online escrow fraud occurs when perpetrators improperly obtain money or goods by posing as Internet-based escrow services. The deception usually involves a so-called seller who advertises phony goods for sale on Internet auction sites at seemingly great prices. The seller insists that prospective buyers use a particular escrow service, the website for which appears to be legitimate. When the buyer sends money to the phony escrow service to make the purchase, the perpetrators, often from overseas, abscond with the money and the buyer never receives the promised goods.

In some cases, an online escrow scam works in reverse. A fraudster poses as a buyer and, after placing the highest bid on an item, insists that the seller use a particular escrow service to facilitate the transaction. The escrow service dupes the unsuspecting seller into sending the merchandise and then the perpetrators abscond with the goods without making payment.

How to Avoid Online Escrow Fraud

Among the thousands of consumer fraud complaints the Federal Trade Commission receives each year, those dealing with online auction fraud consistently rank near the top of the list. Fraudulent Internet escrow companies constitute a significant portion of online auction fraud. Whether selling or buying, online auction participants can take steps to avoid becoming victimized by online escrow scams by following these simple rules:

1. Before using an escrow service, both the buyer and the seller should exercise due diligence to verify that it is a legitimate, reputable company. A professional looking website does **not** establish that the escrow service is legitimate or reputable;
2. Try to determine the relative value of an item before you bid. Be skeptical if the price sounds too low to be realistic. "Brick-and-mortar" stores and price comparison sites may be good for reality checks;

3. Be suspicious of using an escrow service recommended by an online buyer or seller. Be sure to scrutinize the site carefully before using the service;
4. Study all licensing claims carefully. In most states, obtaining and maintaining a license as an independent escrow company involves meeting significant qualifications. Contact any licensing authority listed on the site and verify that the escrow company is actually licensed. Many fraudulent sites have stolen license numbers of legitimate Internet escrow services. In addition, always verify endorsements and credentials advertised on an online escrow site;
5. Check when an escrow site's domain name was registered. Fraudulent escrow sites often say they've been in business for years but have only been registered for a short period of time. You can find this out by using a "Whois" tool at any domain name registrar, such as Register.com;
6. Beware of claims of "safe," "secure," or "trust" when viewed in the name of an online escrow service. A dash in an escrow company's name, such as *Banker-Trust.com* or *Federal-Trust.com*, is another red flag. The dash seems to show up in many phony online escrow company names;
7. Search for the escrow site using an Internet search engine. If the search turns up no results, consider that a red flag and stay away. Of course, if your search turns up consumer complaints about the escrow site, avoid doing business with the site;
8. Avoid escrow websites that include poor grammar and typos. This may be a sign that the advertised escrow service is really a scam;
9. Avoid using offshore escrow companies; and
10. If you have questions about the licensing requirements of independent escrow companies in Idaho, contact the Idaho Department of Finance at (208) 332-8002 or toll-free in Idaho at (888) 346-3378.

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Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.