



**Better Business Bureau
of Central and Northern Alberta**

Telephone: (780) 488-6632 Toll Free 1-800-232-7298 Fax: (780) 482-1150
888 Capital Place, 9707 - 110 Street Edmonton, AB T5K 2L9
Website: www.edmontonbbb.org Email info@edmontonbbb.org

Media Release

BBB Issues Alert Warning of Surge In Bogus Loan Web Sites

“Lenders” Boldly Promise Loans, No Matter What Your Credit History

(Edmonton, Alberta, January 25, 2007) – The Better Business Bureau system warns of a proliferation of Web sites that are impersonating legitimate lenders to steal money from consumers.

Victims across Canada and the U.S. report losing money, sometimes more than \$1,000 each. The Web sites in question promise loans to anyone, regardless of the person’s previous credit history.

“People with the poorest finances are being victimized. Many mistakenly believe they have no other option,” said Chris Lawrence CEO of the Better Business Bureau of Central and Northern Alberta.

According to BBB experience, victims used Internet search engines to locate lenders that “guaranteed” low-interest rate loans for people with bad credit histories. After submitting the online loan application, they were contacted by a company “representative” who said they were approved.

Before they can receive their loan funds, however, they must first pre-pay a fee. The loan applicant is told to wire the money or send a money order, often to a location outside of the country. The consumer never receives the loan and cannot recover their money. They also risk having their identity stolen if they provided their Social Insurance Number or bank account number.

“These bogus lenders are clever. They use a variety of tools to imply legitimacy, including the use of names and addresses that are very similar to legitimate companies”, Lawrence warned.

Advance fee loan scams are illegal in Canada and the U.S.! To avoid law detection, fraudulent loan operators move quickly, frequently reopening under new names.

“If you have trouble qualifying for a loan, you do have options. There are nonprofit organizations in every province with trained credit counselors who can assist individuals with debt problems. Contact your local BBB (www.edmontonbbb.org) for tips on selecting a trustworthy credit counselor,” Lawrence said.

The BBB also suggests that consumers protect themselves by following these “Do’s and Don’ts”:

DO NOT use online search terms like “bad credit loans” or “guaranteed loans” that may lead you to fraudulent sites.

DO NOT wire money or send a money order to secure a personal loan. Legitimate offers of credit DO NOT require an up-front payment of a fee for collateral, processing, insurance, taxes or any other purpose.

DO NOT do business with lenders that “guarantee” a loan before you apply.

DO NOT do business with Web sites that refuse to provide a street address and a working telephone number.

DO use the BBB to check if a Web site can be trusted. In addition to informing you of any complaints, BBB staff can conduct research to verify a site’s legitimacy.

If the site has a BBB *OnLine* seal, DO click on it to check the BBB’s report.

If you are victimized by an advance fee lender, DO file a complaint with the BBB. While the chance of recovering the payment fee is minimal, your experience will help BBBs warn other consumers and assist government investigations.

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For media inquiries please contact:

Chris Lawrence, Chief Executive Officer

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Phone: (780) 488-6632 Ext. 243 **Toll Free:** 1 (800) 232-7298 **Email:** chris@edmontonbbb.org