

PAY UP OR ELSE:
**PREVENTING
UTILITY SCAMS**



Scam artists are targeting electric utility customers throughout the United States. Some scammers are clearly local but others, given the similarity of techniques, are suspected of being part of larger organized crime rings around the world. In the last two years, the pace has picked up and the geographic reach extended. Telephone scams have been reported by utilities from Lakeland, down to Key West, Florida, along the I-35 corridor between San Antonio and Austin, in the Kearny area of Nebraska, in Springfield, Illinois, suburban Philadelphia, and Phoenix, to name a few.

Scammers who pretend to be utility employees count on the trust customers place in their utilities, the confusion generated by surprise and aggressive pressure tactics, the growing access to personal information and some insidious new tools available through the Internet. Today's telephone scammers are notably creative, tenacious and willing to spend the time rolling the dice. They can call 50 numbers just to get one hit that could net a few hundred dollars on average, a large sum for the most vulnerable targets.

"Hello, this is the disconnect department of your utility," is the usual opener. The call often comes after hours, or on weekends, and in the case of restaurants and bars, at the most frantic times. Often you can hear the boiler room in the background, the buzz of a call center. Favorite targets include those more easily intimidated by pressure tactics — the elderly, non-English-speaking customers or small businesses under duress.

Phone scams are just the tip of the iceberg; some customers are hit with in-person visits with old-fashioned shakedowns for cash, or emails, texts and letters with special offers. The misrepresentation is not confined to electric utilities, but includes other service providers, medical institutions, the IRS and even the police.

"Pay up or else," is the message. "Use a credit card, or better yet, go purchase a MoneyPak card at your local store. And hurry, we need payment within the hour." For those hesitant, the statement, "Would you like to speak to my supervisor?" is a common ploy. The amounts involved are typically a few hundred dollars, but they can be substantial. According to the police in East Whiteland, Pennsylvania, a scammer posing as an IRS agent fleeced someone for \$24,000.

KEY MESSAGES FOR UTILITY CUSTOMERS

- If someone calls threatening to cut off your power if you don't pay, hang up. This is a scam.
- Call your utility to report the scam and to check on your account.
- Contact the local police and your state attorney general's office.
- Never give personal or financial information to an unsolicited caller.
- Your utility is there to help you through any type of payment issue. They do not use aggressive and threatening tactics.
- If someone in utility uniform shows up at your door for unscheduled service, don't let them in. Call the utility or police.

FEDERAL TRADE COMMISSION ALERT

"Scammers can use computers to make it look like they're calling from someplace else. If you get a call, email, text, or even a home visit from someone telling you to make a payment via PayPal, or to buy a GreenDot card or a gift card, it's probably a scam."

TYPES OF SCAMS

- **Telephone** — Scammer posing as a utility employee calls out of the blue threatening to turn off power unless payment is made within the hour.
- **Telephone spoofing** — Scammer takes over caller ID and uses the name and number of the utility. Demand is made for immediate payment.
- **Email** — Scammer requests payment of an online bill linked to a fraudulent site.
- **Personal visits** — Scammer appears at the doorway, typically of the elderly or small restaurants and demand payment in cash. Variation on old shakedown tactics.
- **Texting** — Scammer sends a text message that appears to come from the utility with a link to "pay your bill."

GROWING SOPHISTICATION AND TENACITY

"Scams are nothing new; they have been going on for as long as someone has found a way to make money through deception," said Gretchen Reuwer, communications manager at New Braunfels Utilities in Texas. "But the scammers are becoming more sophisticated as the years go by, especially with access to the Internet and all kinds of data that is out there. We used to hear about a phone scam maybe once a year. But in the last two we've seen scams on almost a monthly basis. It's happening all around the country, and seems to be growing exponentially."

Reuwer put out a press release in August 2014 alerting the community to the latest sting, where scammers have begun targeting local businesses. "A lot of restaurants in town have been hit up after NBU business hours, over the weekend or during lunchtime, with the scammer asking them to pay immediately or get cut off in an hour. We've seen the same tactics used with dry cleaners, law offices and other businesses. We are keeping our dispatch informed of these scams and the police."

However, even those who know better can get conned under pressure, she added. "We had a bar owner get hit recently for several hundred dollars. They called her at 6 p.m. In the back of her mind she knew it wasn't right. 'NBU closes at 5 p.m., so why are they calling me at 6 p.m.?' she thought. But she had a bar full of people and the prospect of being shut down was too threatening. So she went and got a money card and gave them the number. 'In my gut,' the bar owner said, 'I knew better, but it's just this instinct to protect my business telling me to take care of this right now.'"

The new capability for "spoofing" is making things easier for scam artists and more complicated for customers. Spoofing is the ability to alter the name on caller ID, so that the customer sees, for example, the utility's name and a call back number. According to Julio Torrado, communication and marketing coordinator at Keys Energy Services, "scammers can purchase spoofing software on the Internet and perpetrate the scam from anywhere in the world. Because of the trust people tend to have in their caller ID, spoofing can cause even the most alert individuals to fall prey."

VOICE OF A SCAMMER

This phone exchange was abbreviated from "Scam Artist Caught on Tape" posted on the Salt River Project website:

Scammer: "Disconnection Department.
How can I help you?"

Caller: "I received a call saying I needed a \$300 payment."

Scammer: "Did you get the payment?"

Caller: "Where am I supposed to make the payment?... Where are your guys' payment location?"

Scammer: "You can go to any CVS, Rite Aid, 7-Eleven. You need to purchase a MoneyPak, Money P-A-K. Once you have the MoneyPak call us back so that we can submit that payment in the system."

Caller: "How long do I have to make the payment?"

Scammer: "We just opened the shop, so you have exactly half an hour to do this."

Caller: "There is an SRP pay center at the grocery store near my house and I can make that payment within 2 minutes."

Scammer: "No, it has to be a MoneyPak. To cancel the disconnection order it has to be express payment, and express payment is called MoneyPak. Money P-A-K."

MEETING THE THREAT

Utilities around the nation are taking steps to educate their customers, sending alerts and messages through traditional channels as well as the more rapid-fire interface of Facebook and Twitter. Utilities are posting information on their

websites about how to recognize and react to scams, and reaching out to the press to assist in raising awareness. They're even moving onto the airwaves.

One approach for thwarting scams involved an advertising campaign by four

public power utilities along the I-35 corridor that runs from San Antonio to Austin. The four included Austin Energy, New Braunfels Utilities, San Marcos and Georgetown. "I was really impressed that Austin was willing to reach out to the smaller utilities up and down this corridor," Reuwer said. "It's the kind of partnership you see in the public power sector you don't see elsewhere."

Carlos Cordova, who works in corporate communications with Austin Energy, saw the advantages of joining forces to try to get ahead of the scammers who were aggressively targeting the Spanish-speaking communities in the region. "Because the scams were on everyone's mind and all of us were working hard to prevent them, the four utilities in this partnership agreed immediately to work together." The first hurdle was the traditional barrier to advertising on TV and radio. "Most public power utilities don't advertise very much. They often don't have the money and they live with the perception that public utilities shouldn't be spending money on advertising. We decided to pool our limited resources in a public service campaign, working together to stretch our dollars. Everybody in the region would get the same message and by pooling resources we were able to buy twice the amount of advertising we would normally buy. All the spots ended with, 'brought to you by your public power provider.' None of us took credit for it."

The partnership purchased a 10-week TV and radio advertising campaign on Spanish TV and radio that ultimately reached 2.5 million customers. They used Univision, a national media company, which is the dominant source of news for many in predominantly Spanish-speaking populations, notably in Texas and California.

"Univision saw this as a community service message, one they supported because it directly affected their main audience," Cordova said. "And because they saw four public utilities working together in common purpose, they threw in some value-added services of their own. This included addressing the issue on talk shows, going to community events and alerting listeners on the radio programs

they also own. Although we only paid for advertising, they augmented it with in-kind services as well."

The leverage provided by the advertising partnership continues to pay off, as the messaging cascades into other venues. "The press picked up on it and amplified the message. We also got a call from the Better Business Bureau. They wanted to be involved and to get the word out. They repurposed

some of our press releases," said Cordova.

The Texas Public Power Association recognized the ingenuity and significance of this work by adding the four utilities to its honor roll at the Annual Statewide Conference. Executive Director Mark Zion said, "Honor Roll recipients are honored for their substantial contributions toward the prestige of community based utilities and the attainment of their goals." ■

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